

**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, 2025

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: 001-41711



USA Rare Earth, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

98-1720278

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

100 W. Airport Road, Stillwater, OK 74075

(Address of Principal Executive Offices and Zip Code)

(813) 867-6155

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.0001 par value	USAR	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Common Stock, each at an exercise price of \$11.50 per share	USARW	The Nasdaq Stock Market LLC

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 Exchange Act Rule 12b-2). Yes ☐ No ☒

As of August 4, 2025, there were 97,427,087 shares of the registrant's common stock outstanding, 0.0001 par value and 3,313,741 shares of 12% Series A Convertible Preferred Stock, 0.0001 par value, .

USA RARE EARTH, INC.
Table of Contents

	<u>Page No.</u>
PART I	
FINANCIAL INFORMATION	
Item 1	1
Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheets — June 30, 2025 and December 31, 2024	1
Condensed Consolidated Statements of Operations — Six Months Ended June 30, 2025 and 2024	2
Condensed Consolidated Statements of Mezzanine Equity — Six Months Ended June 30, 2025 and 2024	3
Condensed Consolidated Statements of Stockholders' Equity — Six Months Ended June 30, 2025 and 2024	4
Condensed Consolidated Statements of Cash Flows — Six Months Ended June 30, 2025 and 2024	6
Notes to Condensed Consolidated Financial Statements	7
Item 2	36
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Item 3	41
Quantitative and Qualitative Disclosures About Market Risk	
Item 4	42
Controls and Procedures	
PART II	
OTHER INFORMATION	
Item 1	43
Legal Proceedings	
Item 1A	43
Risk Factors	
Item 2	43
Unregistered Sales of Equity Securities and Use of Proceeds	
Item 3	43
Defaults Upon Senior Securities	
Item 4	43
Mine Safety Disclosures	
Item 5	43
Other Information	
Item 6	45
Exhibits	
Signatures	46

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy, plans and objectives of management for future operations, and the benefits and timing of the rollout of our magnet production facility and timing of expected milestones, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- the ability to maintain the listing of the USA Rare Earth, Inc. (“USAR”) common stock and the USAR warrants on the Nasdaq Stock Market LLC (“Nasdaq”);
- the ability to raise financing in the future and to comply with restrictive covenants related to long-term indebtedness;
- the future financial performance of USAR;
- USAR’s ability to comply with laws and regulations applicable to its business; and
- expansion plans and opportunities.

These forward-looking statements are based on information available as of the date of this Quarterly Report and USAR’s management team’s current expectations, forecasts and assumptions, and involve a number of judgments, known and unknown risks and uncertainties and other factors, many of which are outside the control of USAR and its directors, officers and affiliates. Accordingly, forward-looking statements should not be relied upon as representing USAR’s management team’s views as of any subsequent date. USAR does not undertake any obligation to update, add or to otherwise correct any forward-looking statements contained herein to reflect events or circumstances after the date they were made, whether as a result of new information, future events, inaccuracies that become apparent after the date hereof or otherwise, except as may be required under applicable securities laws.

You should not place undue reliance on these forward-looking statements. Should one or more of a number of known and unknown risks and uncertainties materialize, or should any of our assumptions prove incorrect, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include, but are not limited to:

- the fact that USAR has no history in commercial operations which limits the accuracy of any forward-looking forecasts, prospects or business outlook or plans;
- that USAR has generated negative operating cash flows and may experience negative cash flow from operations in the future and that USAR may not be able to generate positive cash flows from its expected future business operations;
- risks related to the development of our magnet production facility and the timing of expected production milestones and the timing and amount of future production, including any time delays, unforeseen expenses, increased capital costs, negative tariff implications, and other complications;
- timing of future cash flows provided by operating activities, if any;
- the magnet production business is subject to the availability of rare earth element (“REE”) oxide and metal feedstock;
- the supply and demand for rare earth minerals, including fluctuations in demand for, and prices of, REE sintered Neodymium Iron Boron (“NdFeB” or “neo”) magnets, magnet materials, and necessary feedstock;
- uncertainty in any mineral estimates, uncertainty in any geological, metallurgical, and geotechnical studies and opinions;
- inability to convert current commercial discussions and/or memorandums of understanding with customers into definitive contracts;
- the growth of existing and emerging uses for neo magnets; changes in the global supply of neo magnets due to tariffs, trade restrictions, or otherwise;
- competition in the magnet manufacturing industry;

- changes in China's or the United States' political environment and policies;
- inability to obtain sufficient capital or other resources necessary to provide for such production;
- any failure by management to manage growth properly which could negatively impact our business;
- power or other utility disruption or shortage and limited access to raw materials;
- costs of production, capital expenditures, requirements for additional capital, and increasing costs, including rising electricity and other utility costs and cost increases due to tariffs;
- fluctuations in transportation costs or disruptions in transportation services or damage or loss during transport;
- our ability to build or maintain relationships with customers and suppliers, including any inability to meet individual customer specifications;
- diminished access to water;
- work stoppages or similar difficulties, breakdown in labor relations, or a shortage of skilled technicians and engineers;
- failure to retain key personnel or attract additional qualified personnel;
- failure to comply with certain agreements with government entities that have provided us with certain incentives and favorable financing;
- inability to access debt or equity capital when necessary or advisable;
- impacts of force majeure events;
- failure to develop and maintain relationships with local communities and stakeholders;
- extensive and costly environmental requirements;
- the need to obtain and sustain governmental permits and approvals;
- failure to comply with applicable anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations;
- costs of compliance with environmental, health and safety regulations;
- the impacts of climate change;
- possible litigation risks, including permit disputes (including in respect of access and/or validity of tenure), environmental claims, occupational health and safety claims and employee claims;
- any infringement of the intellectual property rights of third parties;
- failure to adequately protect intellectual property rights;
- issues with information technology systems, including cyber threats, disruption, damage and failure; and
- use of resources and management attention related to the requirements of being a public company in the United States.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

USA Rare Earth, Inc.
Condensed Consolidated Balance Sheets

	June 30, 2025	December 31, 2024*
	(In thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 121,791	\$ 16,761
Deferred offering costs	—	5,134
Prepaid expenses and other current assets	1,754	378
Total current assets	123,545	22,273
Property, plant and equipment, net	33,031	26,529
Mineral interests	17,125	17,125
Equipment deposits	5,555	3,060
Lease right-of-use assets	389	30
Other non-current assets	56	52
Total assets	\$ 179,701	\$ 69,069
LIABILITIES, MEZZANINE AND STOCKHOLDERS' (DEFICIT) EQUITY		
Liabilities		
Current liabilities		
Accounts payable	\$ 2,238	\$ 1,823
Accrued liabilities	5,134	3,071
Derivative liability	—	1,164
Notes payable	—	831
Finance and operating leases, current	421	23
Other	383	13
Total current liabilities	8,176	6,925
Deferred grants	8,200	8,200
Finance and operating leases, non-current	990	—
Earnout liabilities	100,007	—
Warrant liabilities	169,020	—
Total liabilities	286,393	15,125
Commitments and contingencies (Note 8)		
Mezzanine equity		
12% Series A Convertible Preferred Stock subject to possible redemption	25,242	21,173
Subscription receivable	—	(1,250)
Total mezzanine equity	25,242	19,923
Stockholders' (deficit) equity		
Common Stock	10	6
Additional paid-in-capital	46,270	104,244
Accumulated deficit	(180,500)	(72,872)
Non-controlling interest	2,286	2,643
Total stockholders' (deficit) equity	(131,934)	34,021
Total liabilities, mezzanine and stockholders' (deficit) equity	\$ 179,701	\$ 69,069

* Recast

See Accompanying Notes to Condensed Consolidated Financial Statements

USA Rare Earth, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024*	2025	2024*
<i>(in thousands, except per share)</i>				
Operating expenses:				
Selling, general and administrative	\$ 6,227	\$ 1,286	\$ 13,256	\$ 3,933
Research and development	2,577	1,725	4,266	3,776
Total operating expenses	8,804	3,011	17,522	7,709
Loss from operations	(8,804)	(3,011)	(17,522)	(7,709)
Other income (expense):				
Interest and dividend	765	45	952	154
(Loss) gain on fair market value of financial instruments	(134,662)	229	(74,362)	230
Interest expense and other income (loss), net	(12)	(82)	(99)	(166)
Total other income (loss), net	(133,909)	192	(73,509)	218
Net loss	(142,713)	(2,819)	(91,031)	(7,491)
Net loss attributable to non-controlling interest	(207)	(222)	(357)	(422)
Net loss attributable to common stockholders	\$ (142,506)	\$ (2,597)	\$ (90,674)	\$ (7,069)
Net loss per share:				
Basic and diluted	\$ (1.54)	\$ (0.04)	\$ (0.99)	\$ (0.12)
Number of shares used in per share calculations:				
Basic and diluted	92,769	59,425	91,598	59,319

* Recast

See Accompanying Notes to Condensed Consolidated Financial Statements

USA Rare Earth, Inc.
Condensed Consolidated Statements of Mezzanine Equity

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	Shares	Amount	Shares	Amount
(In thousands)				
12% Series A Convertible Preferred Stock				
Beginning balance ⁽¹⁾	5,233	\$ 32,397	2,739	\$ 21,173
USARE LLC Convertible Preferred unit dividends	—	—	84	1,082
Issuance of preferred stock and warrants, net of issuance costs	—	—	2,279	11,745
Forgiveness of related party promissory note	—	—	131	1,527
Deferred offering costs	—	—	—	(3,237)
Deemed dividend and accretion to redemption value	—	11,569	—	11,676
Conversions	(1,519)	(18,724)	(1,519)	(18,724)
Ending balance	3,714	\$ 25,242	3,714	\$ 25,242
Subscription Receivable				
Beginning balance ⁽¹⁾		\$ —		\$ (1,250)
Forgiveness of related party promissory note		—		1,250
Ending balance		\$ —		\$ —
Total Mezzanine Equity				
Beginning balance ⁽¹⁾		\$ 32,397		\$ 19,923
Ending balance		25,242		25,242

⁽¹⁾ Recast as of January 1, 2025. The shares of the Company's preferred stock prior to the Merger have been retrospectively recast to reflect the change in the capital structure as a result of the Merger as described in Note 3, "Merger Transaction".

See Accompanying Notes to Condensed Consolidated Financial Statements

USA Rare Earth, Inc.
Condensed Consolidated Statements of Stockholders' (Deficit) Equity

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	Shares	Amount	Shares	Amount
(In thousands)				
Common Stock				
Beginning balance ⁽¹⁾	81,952	\$ 8	60,091	\$ 6
Transaction bonus	—	—	78	—
Extinguishment of note payable	—	—	140	—
USARE LLC Convertible Preferred unit dividends	—	—	182	—
Reverse recapitalization merger	—	—	21,461	2
Conversion of 12% Series A Convertible Preferred Stock	2,610	—	2,610	—
Exercise of Warrants	3,051	1	3,051	1
PIPE financing	8,550	1	8,550	1
Other issuances	26	—	26	—
Ending balance	96,189	\$ 10	96,189	\$ 10
Additional Paid-In Capital				
Beginning balance ⁽¹⁾		\$ 24		\$ 104,244
Equity-based compensation - incentive units		—		241
Transaction bonus		—		841
Extinguishment of note payable		—		1,506
USARE LLC Convertible Preferred unit dividends		—		(1,082)
Issuance of preferred stock and warrants, net of issuance costs		—		5,367
Deferred offering costs		—		(4,234)
Deemed dividend - preferred accretion to redemption value		(11,569)		(11,676)
Reverse recapitalization merger		—		27,718
Earnout liability		—		(99,639)
Conversion of Series A Warrants into liability-classified warrants		—		(34,612)
Warrant exercises		38,469		38,469
Conversions of 12% Series A Convertible Preferred Stock		18,724		18,724
Forward purchase agreements prepayment		—		(351)
Early termination of forward purchase agreements		336		399
Accretion of forward purchase agreements		(67)		2
Common stock issuance		353		353
Ending balance		\$ 46,270		\$ 46,270
Subscription Receivable				
Beginning balance ⁽¹⁾		\$ (17,187)		\$ —
Forward purchase agreements prepayment		—		(20,389)
Early termination of forward purchase agreements		17,120		20,391
Accretion of forward purchase agreements		67		(2)
Ending balance		\$ —		\$ —
Accumulated Deficit				
Beginning balance ⁽¹⁾		\$ (37,994)		\$ (72,872)
Reverse recapitalization merger		—		(16,954)
Net loss		(142,506)		(90,674)
Ending balance		\$ (180,500)		\$ (180,500)
Non-Controlling Interest				
Beginning balance ⁽¹⁾		\$ 2,493		\$ 2,643
Net loss		(207)		(357)
Ending balance		\$ 2,286		\$ 2,286
Total Stockholders' (Deficit) Equity				
Beginning balance ⁽¹⁾		\$ (52,656)		\$ 34,021
Ending balance		(131,934)		(131,934)

⁽¹⁾ Recast as of January 1, 2025. The shares of the Company's common stock prior to the Merger have been retrospectively recast to reflect the change in the capital structure as a result of the Merger as described in Note 3, "Merger Transaction".

See Accompanying Notes to Condensed Consolidated Financial Statements

USA Rare Earth, Inc.
Condensed Consolidated Statements of Stockholders' (Deficit) Equity
(cont'd)

	Three Months Ended June 30, 2024 ⁽¹⁾		Six Months Ended June 30, 2024 ⁽¹⁾	
	Units	Amount	Units	Amount
<i>(In thousands)</i>				
Common Stock				
Beginning balance (as previously reported)			—	\$ —
Retroactive application of recapitalization			59,213	6
Beginning balance (as adjusted)	59,425	\$ 6	59,213	6
USARE LLC Convertible Preferred Stock Class C and C-1 dividends	215	—	427	—
Ending balance	59,640	\$ 6	59,640	\$ 6
Common Units Class A				
Beginning balance (as previously reported)			206,520	\$ 3,704
Retroactive application of recapitalization			(206,520)	(3,704)
Beginning balance (as adjusted) and ending balance			—	\$ —
Common Units Class B				
Beginning balance (as previously reported)			20,779	\$ 3,189
Retroactive application of recapitalization			(20,779)	(3,189)
Beginning balance (as adjusted) and ending balance			—	\$ —
Convertible Preferred Units Class C				
Beginning balance (as previously reported)			54,592	\$ 73,079
Retroactive application of recapitalization			(54,592)	(73,079)
Beginning balance (as adjusted) and ending balance			—	\$ —
Convertible Preferred Units Class C-1				
Beginning balance (as previously reported)			7,861	\$ 13,404
Retroactive application of recapitalization			(7,861)	(13,404)
Beginning balance (as adjusted) and ending balance			—	\$ —
Additional Paid-In Capital				
Beginning balance (as previously reported)				\$ —
Retroactive application of recapitalization				93,370
Beginning balance (as adjusted)	\$ 94,333			93,370
Equity-based compensation		(315)		34
Issuance of warrants		—		614
Convertible Preferred dividends		2,973		2,973
Ending balance	\$ 96,991			\$ 96,991
Accumulated deficit				
Beginning balance (as previously reported)				\$ (54,223)
Retroactive application of recapitalization				—
Beginning balance (as adjusted)	\$ (58,683)			(54,223)
USARE LLC Convertible Preferred dividends		(2,973)		(2,973)
Dilution of non-controlling interest		10		22
Net loss		(2,597)		(7,069)
Ending balance	\$ (64,243)			\$ (64,243)
Non-controlling interest				
Beginning balance (as previously reported)				\$ 3,331
Retroactive application of recapitalization				—
Beginning balance (as adjusted)	\$ 3,119			3,331
Dilution of non-controlling interest		(10)		(22)
Net loss		(222)		(422)
Ending balance	\$ 2,887			\$ 2,887
Total stockholders' equity				
Beginning balance (as adjusted)	\$ 38,775			\$ 42,484
Ending balance	35,641			35,641

⁽¹⁾ The shares of the Company's common stock, common stock units and preferred stock units prior to the Merger have been retrospectively recast to reflect the change in the capital structure as a result of the Merger as described in Note 3, "Merger Transaction".

USA Rare Earth, Inc.
Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2025	2024*
	<i>(In thousands)</i>	
Cash flows from operating activities:		
Net loss	\$ (91,031)	\$ (7,491)
Adjustments to reconcile net loss to cash used in operating activities		
Equity-based compensation	1,282	34
Depreciation	135	163
Amortization of right of use assets	135	103
Non-cash interest expense	73	—
Amortization of discount on note payable	—	94
Settlement of litigation through the issuance of common shares	1,674	—
Loss (gain) on fair market value of financial instruments	74,362	(230)
Other non-cash adjustments	419	39
Changes in operating assets and liabilities:		
Prepaid and other assets	(1,035)	(32)
Accounts payable	(2,785)	95
Accrued and other liabilities	(1,364)	(976)
Operating lease liability	(103)	(76)
Net cash used in operating activities	(18,238)	(8,277)
Cash flows from investing activities:		
Capital expenditures and equipment deposits	(6,297)	(1,055)
Net cash used in investing activities	(6,297)	(1,055)
Cash flows from financing activities:		
Proceeds from issuance of USARE LLC Preferred Series A-1 and A-2 units, and warrants	15,250	—
Proceeds from issuance of USARE LLC Preferred Series A units, and warrants	8,000	—
Payment of issuance cost for USARE LLC Preferred Series A, and warrants	(400)	—
Payment of issuance cost for USARE LLC Convertible Preferred Class C-1 units	—	(483)
IPXX contribution of capital through merger	22,867	—
Prepayment of Forward Purchase Agreements	(20,789)	—
Proceeds from termination of Forward Purchase Agreements	20,789	—
Payment of securities issuance costs	(8,281)	(89)
Proceeds from issuance of equity and warrants under PIPE financing, net	70,178	—
Proceeds from exercise of warrants	21,951	—
Net cash provided by (used in) financing activities	129,565	(572)
Net change in cash and cash equivalents	\$ 105,030	\$ (9,904)
Cash and cash equivalents, beginning of year	16,761	13,199
Cash and cash equivalents, end of period	\$ 121,791	\$ 3,295
Supplemental disclosure of cash flow information:		
USARE LLC Convertible Preferred Class C and C-1 unit dividends	\$ 1,960	\$ 3,621
USARE LLC Convertible Preferred Class A-1 and A-2 unit dividends	1,082	—
Finance right of use assets obtained in exchange for finance lease liabilities	1,233	—
Non-cash lease liabilities arising from obtaining right of use assets	427	—

* Recast

See Accompanying Notes to Condensed Consolidated Financial Statements

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 1. Organization

The mission of USA Rare Earth, Inc. (formerly known as Inflection Point Acquisition Corp. II or “IPXX”), collectively with its subsidiaries (the “Company,” or “USAR”) is to establish a domestic rare earth magnet supply chain that supports the future state of energy, mobility, technology and national security in the United States (“U.S.”). USAR is developing a rare earth element (“REE”) sintered Neodymium Iron Boron (“NdFeB” or “neo”) magnet manufacturing plant in Stillwater, Oklahoma, and intends to establish domestic rare earth and critical minerals supply, extraction, and processing capabilities to both supply its magnet manufacturing plant and market surplus materials to third parties. Rare earth magnets are critical to various business sectors and industries, including the defense, automotive, aviation, industrial, AI Robotics, medical, and consumer electronics industries, among others. USAR is planning to take a broad approach to the industries it serves with the intention of providing high-quality neo magnets to a variety of industries and customers. USAR’s focus on developing domestic rare earth production aligns with national priorities, offering the potential of a sustainable and secure domestic supply of materials critical to key industries.

USAR was a special purpose acquisition company incorporated as a Cayman Islands exempted company on March 6, 2023. The Company was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. Following the closing of the Merger Transactions (as defined below), shares of USAR common stock (“Common Stock”) and USAR warrants began trading on the Nasdaq Stock Market LLC (“Nasdaq”) under the symbols “USAR” and “USARW”, respectively, on March 14, 2025.

These Condensed Consolidated Financial Statements refer to the mining operations of the Company, conducted through Round Top Mountain Development, LLC (“RTMD”), at Round Top Mountain in Texas (“Round Top”) and the Company’s research and development facility in Colorado as the “Round Top Project”. RTMD has mining rights in Texas and is developing processing technology for the rare earth minerals which are to be mined in Texas.

IPXX Business Combination Agreement

On August 21, 2024, IPXX entered into a Business Combination Agreement (as amended on November 12, 2024 and January 30, 2025, the “Business Combination Agreement”), by and among IPXX, USA Rare Earth, LLC, a Delaware limited liability company (“USARE LLC”), and IPXX Merger Sub, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of IPXX (“Merger Sub”). Pursuant to the Business Combination Agreement, Merger Sub merged with and into USARE LLC, with USARE LLC continuing as the surviving company (the “Merger”).

On March 12, 2025, as contemplated by the Business Combination Agreement, IPXX filed a notice of deregistration with the Cayman Islands Registrar of Companies and filed a certificate of incorporation and certificate of corporate domestication with the Delaware Secretary of State, pursuant to which IPXX was domesticated and continues as a Delaware corporation, changing its name to USA Rare Earth, Inc. (the “Domestication”). As a result of the Domestication, each issued and outstanding Class A ordinary share of IPXX automatically converted, on a one-for-one basis, into a share of Common Stock and each of the issued and outstanding warrants to purchase Class A ordinary shares of IPXX automatically became a warrant exercisable for one share of Common Stock on the same terms as the pre-Domestication warrants. Additionally, each unit of IPXX issued and outstanding as of immediately prior to the Domestication was automatically canceled and each unit holder received one share of Common Stock and one-half of one USAR warrant exercisable for one share of Common Stock on the same terms as the pre-Domestication warrants.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

On March 13, 2025 (the “Closing Date”), USAR consummated the previously announced Merger and related transactions (the “Merger Transactions”) contemplated by the Business Combination Agreement and USARE LLC became a direct wholly owned subsidiary of USAR. As a result of the Merger Transactions, all issued and outstanding Class A and Class B common units, Class C and Class C-1 preferred units, equity-based incentive units and warrants to acquire Class B common units and Class C preferred units of USARE LLC were converted into shares of Common Stock using an exchange ratio of approximately 0.204. On the closing of the Merger, all incentive units were considered fully vested. The number of shares of Common Stock issuable for USARE LLC warrants and incentive units was calculated using the treasury method of accounting on a cashless exercise basis. Additionally, all issued and outstanding Class A-1 and Class A-2 preferred units of USARE LLC taking into account payment-in-kind dividends on such units from the date of issuance through the Closing Date were converted on a one-for-one basis into shares of USAR Series A Preferred stock. Warrants to acquire USAR Class A common units issued to the holders of Class A-1 and Class A-2 Preferred units were converted into a right to acquire Common Stock on a one-for-one basis.

As a result of the Merger, USAR is a holding company, in which substantially all of the assets and business are held by USARE LLC and its subsidiaries and continues to operate through USARE LLC and its subsidiaries. The Merger is accounted for as a reverse recapitalization in accordance with generally accepted accounting principles in the U.S. (“U.S. GAAP”) and not as a business combination. Under U.S. GAAP, IPXX is treated as the acquired company for financial reporting purposes. Accordingly, for accounting purposes, the Merger was treated as the equivalent of USARE LLC issuing stock for the net assets of IPXX, accompanied by a recapitalization. USARE LLC has been determined to be the accounting predecessor to the combined entity.

Unless otherwise noted or the context otherwise requires, references to the “Company,” “USAR,” “USA Rare Earth, Inc.,” refer to the business of USARE LLC and its subsidiaries prior to the closing of the Merger and to the business of USAR and its subsidiaries, including USARE LLC, following the closing of the Merger.

See additional information in Note 3, “Merger Transaction.”

Going Concern

The accompanying Condensed Consolidated Financial Statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern and the continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. The Company has generated no revenues since inception, continues to incur losses from operations, and has an accumulated deficit. For the six months ended June 30, 2025, the Company had net loss of \$91.0 million, which includes a non-cash fair value loss on financial instruments of \$74.4 million. For the six months ended June 30, 2025, net cash used for operating activities was \$18.2 million.

Although, as of June 30, 2025, the Company had cash and cash equivalents on its Condensed Consolidated Balance Sheet of \$121.8 million, the Company will need to raise additional capital to implement its current strategic plan, specifically pre-purchasing of raw material inventory in advance of manufacturing due to long lead times. Based on the Company’s need to raise additional capital as well as milestones required for its current strategic plan to generate sustainable commercial revenues, there is substantial doubt regarding its ability to continue as a going concern for the twelve months following the issuance of these Condensed Consolidated Financial Statements.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 2. Summary of Significant Accounting Policies**Basis of Presentation**

The accompanying interim unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. In management's opinion, these unaudited Condensed Consolidated Financial Statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of June 30, 2025 and December 31, 2024 and the results of operations and cash flows for the three and six months ended June 30, 2025 and 2024. The results of operations for the three and six months ended June 30, 2025 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period. The December 31, 2024 balances reported herein are derived from the Company's audited Consolidated Financial Statements filed as Exhibit 99.1 to the Current Report on Form 8-K filed by the Company with the SEC on June 18, 2025.

The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited Consolidated Financial Statements as of and for the years ended December 31, 2024 and 2023 filed as Exhibit 99.1 to the Current Report on Form 8-K filed by the Company with the SEC on June 18, 2025.

These financial statements have been prepared on a basis that assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

Reclassifications

Certain prior period amounts have been reclassified in certain notes to the Condensed Consolidated Financial Statements to conform to the current period presentation.

Emerging Growth Company Status

The Company is an emerging growth company as defined in the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act, as defined, provides emerging growth companies with certain exemptions from public company reporting requirements for up to five fiscal years while a company remains an emerging growth company. As part of these exemptions, the Company need only provide two fiscal years of audited financial statements instead of three, it has reduced disclosure obligations such as for executive compensation, and it is not required to comply with auditor attestation requirements from Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, regarding its internal control over financial reporting. Additionally, the JOBS Act has allowed the Company the option to delay adoption of new or revised financial accounting standards until private companies are required to comply with new or revised financial accounting standards.

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of the Company, as well as its wholly-owned subsidiaries and variable interest entities ("VIEs") for which the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Use of Estimates

The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The amounts that involve significant estimates include equity-based compensation, asset and liability valuations, certain equity issuances, and other fair value estimates reported. The assumptions used in calculating fair value represent the Company's best estimates. However, these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change or the Company uses different assumptions, any gain or loss recognized using estimates could be materially different.

Significant Accounting Policies

For a detailed description of the Company's Significant Accounting Policies, please refer to the Company's Form 10-Q filed with the SEC on May 15, 2025.

Recently Adopted Accounting Pronouncement

In March 2024, the FASB issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which improves current U.S. GAAP by adding an illustrative example to demonstrate how an entity should apply the scope guidance to determine whether a profits interest award should be accounted for in accordance with Topic 718. This ASU is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years and did not have a material effect on the Company's Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In January 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-01 - *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. This ASU amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this ASU on its financial reporting disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income (Topic 220): Disaggregation of Income Statement Expenses*. This ASU requires additional disclosures by disaggregating the costs and expense line items that are presented on the face of the income statement. The disaggregation includes: (i) amounts of purchased inventory, employee compensation, depreciation, amortization, and other related costs and expenses; (ii) an explanation of costs and expenses that are not disaggregated on a quantitative basis; and (iii) the definition and total amount of selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. This ASU should be applied prospectively. Retrospective application is permitted for all prior periods presented in the financial statements. The Company is currently evaluating the impact of adopting this ASU on its financial reporting disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU provide for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid. This ASU is effective for the Company prospectively to all annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its disclosures.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 3. Merger Transaction

Business Combination Agreement

As discussed in Note 1, "Organization", IPXX and USARE LLC entered into a Business Combination Agreement on August 21, 2024. In connection with the transactions contemplated by the Merger, the following funding events occurred prior to the Closing Date:

- On August 21, 2024, USARE LLC and certain accredited investors, including certain funds related to IPXX entered into Securities Purchase Agreements ("SPA") for such investors to purchase (i) USARE LLC Class A Convertible Preferred Units and (ii) USARE LLC Class A Preferred Investor Warrants for gross cash proceeds of \$25.5 million and a subscription receivable of \$1.25 million for shares issued in exchange for forgiveness of 50% of Mr. Michael Blitzer's, IPXX's Chairman and Chief Executive Officer, promissory note at the Closing Date.
- On January 31, 2025, the Company and certain accredited investors, including USARE LLC Class A-2 Convertible Preferred Unit investors, Mr. Blitzer, and Collective Capital Management LLC entered into SPAs for such investors to purchase (i) USARE LLC Class A-2 Convertible Preferred Units and (ii) USARE LLC Class A Preferred Investor Warrants for an aggregate purchase price of approximately \$15.3 million which closed on February 3, 2025.

The Merger was accounted for as a reverse recapitalization whereby USARE LLC is the successor continuing existing business operations. Outstanding USARE LLC Class A-1 and Class A-2 Convertible Preferred Units were converted into USAR Series A 12% Convertible Preferred Stock on a one-for-one basis taking into account payment-in-kind dividends on such units from the date of issuance through the Closing Date. Immediately prior to the Closing Date, outstanding USARE LLC Class C and Class C-1 Preferred Units were converted into USARE LLC Class B Common Units taking into account certain anti-dilution provisions and payment-in-kind dividends on such units from the date of issuance through the Closing Date. Outstanding USARE LLC Class A and Class B Common Units, including the newly converted USARE LLC Class C and Class C-1 Preferred Units, were converted into shares of Common Stock using an exchange ratio of approximately 0.204.

Additionally, immediately prior to the effective time of the Merger, the following occurred:

- USARE LLC's unvested incentive units became immediately vested and all vested incentive units were converted to Common Stock, see Note 12, "Equity-Based Compensation;"
- USARE LLC's warrants to purchase Class B Common Units and Class C Convertible Preferred Units were exercised on a cashless basis and converted to Common Stock, see Note 11, "Mezzanine and Stockholders' Equity;"
- The Hatch Note converted into approximately 0.68 million of USARE LLC's Class A Common Units, see Note 10, "Note Payable;"
- The Company issued approximately 0.78 million Series A 12% Convertible Preferred Stock and Series A warrants exercisable for an aggregate of approximately 0.78 million shares of the Common Stock at \$12.00 per share pursuant to SPAs with two (2) accredited investors, including an affiliate of IPXX, for an aggregate consideration of \$8.0 million;
- The Company issued approximately 0.13 million shares of 12% Series A Convertible Preferred Stock in exchange for Mr. Blitzer's forgiveness of the remaining 50% of the convertible promissory note; and
- The Company issued approximately 0.88 million shares of Common Stock pursuant to USARE LLC's arrangements with Cohen & Company Securities, LLC (fka J.V.B. Financial Group, LLC) ("CCS").

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

The following table presents a summary of the number of equity instruments outstanding immediately following the closing of the Merger and the PIPE investment.

	Shares <i>(In thousands)</i>	% of Common ⁽¹⁾	% of Voting ⁽¹⁾
Public shareholders	2,077	3 %	2 %
Sponsor	6,250	8 %	7 %
USARE LLC shareholders	72,748	89 %	83 %
Shares issued to CCM (Issuance cost)	877	1 %	1 %
Total Common Stock	81,952	100 %	94 %
Series A Preferred Stock - USARE LLC shareholders	4,318		5 %
Series A Preferred Stock - PIPE Investors	784		1 %
Series A Preferred Stock - Blitzler promissory note	131		— %
Total Voting Shares	87,185		100 %

⁽¹⁾ Percentage may not total due to rounding.

In connection with the Merger, approximately \$22.8 million of cash held in trust, net of redemptions by IPXX's public shareholders, became available for use by the Company as well as \$8.0 million in proceeds received from the closing of the PIPE investment. In addition, the Company incurred certain earnout obligations and entered into Forward Purchase Agreements ("FPAs"), discussed further below.

The following table presents the net proceeds from the Merger.

	Amount <i>(In thousands)</i>
Sources	
Cash - PIPE investment	\$ 8,000
Cash - IPXX Trust Account	22,843
Cash - IPXX Op Account (Blitzer note)	24
Total Cash in IPXX going into the Merger	\$ 30,867
Uses	
Transaction costs allocated to equity	\$ (8,331)
FPA Prepayments	(20,789)
Other Expenses and Prepayments	(1,658)
Total cash used immediately after the merger	\$ (30,778)
Net cash to USARE LLC	\$ 89
Transaction costs allocated to equity	\$ 350
Net cash used by USARE LLC	(350)
	\$ —

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Earnout Liability

In connection with the closing of the Merger, USAR is required to issue to certain USARE LLC shareholders as of the effective date of the Merger and CCS, up to 10.1 million additional shares of Common Stock in two (2) tranches (the “Earnout Shares”) upon certain triggering events.

- The first tranche of 5.05 million Earnout Shares would be distributed if, during the time period beginning on the date of the first anniversary of the Closing Date and ending on the date of the sixth anniversary of the Closing Date (the “Earnout Period”), the market price of the Common Stock is greater than or equal to \$15.00 per share and less than \$20.00 per share for a period of at least twenty out of thirty consecutive trading days.
- The second tranche of 5.05 million Earnout Shares would be distributed if, during the Earnout Period, the market price of the Common Stock is greater than or equal to \$20.00 per share for a period of at least twenty out of thirty consecutive trading days. .

The aggregate Earnout Shares may also vest upon a change of control as defined in the Business Combination Agreement pursuant to which USAR or its shareholders have the right to receive consideration if the implied value per share of Common Stock is equal to or above such price targets, with the amount of such consideration dependent upon the implied per share value reaching the thresholds discussed above.

Management considered the guidance within Accounting Standards Codification (“ASC”) 815, *Derivatives and Hedging*, and determined that the contractual requirement to issue the Earnout Shares meets the definition of a derivative. Management next considered whether or not the Earnout Shares meet the requirements for the scope exception under the “Own Equity” scope exception in ASC 815 for contracts indexed to an entity’s own equity. The change of control clause in the Business Combination Agreement represents an exercise contingency related to an event outside of the Company’s control, which is not based on an observable market or an observable index. The obligation to issue the Earnout Shares that includes exercise contingencies that are outside the control of the Company are classified as liabilities and excluded from equity classification. Instruments not classified in equity do not meet the “Own Equity” scope exception.

The Earnout Shares are classified as liabilities and no additional analysis under ASC 815 is required. The Merger is accounted for as a reverse recapitalization and the Earnout Shares represent consideration of IPXX securities that are being transferred to the holders of the Company. As such, the Earnout Shares are recorded through the recapitalization of equity within additional paid-in capital upon recognition and are remeasured on a recurring basis. See Note 4, “Fair Value Measurements” for further information.

The Earnout Period has not commenced as of June 30, 2025, and therefore, none of the Triggering Events have occurred.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Forward Purchase Agreements

On March 11, 2025, IPXX entered into FPAs with three (3) separate investors (“Sellers”) pursuant to which the Sellers agreed to hold up to a total of approximately 1.89 million publicly held IPXX Class A ordinary shares (“Public Shares”) in connection with the closing of the Merger. Each FPA amended, restated and superseded in its entirety a separate FPA with each of the Sellers, dated March 10, 2025, which had identical terms to those described herein, except that the Reset Price (as defined in the FPAs) was not subject to a floor price of \$4.00. For purposes of the FPAs, the Public Shares held by each of the Sellers are referred to as such Seller’s “Maximum Shares.” Each Seller, acting separately and solely for its own account, was permitted, if necessary, to (i) reverse its previous election to redeem its Public Shares in connection with the Merger Transactions pursuant to the redemption rights set forth in IPXX’s amended and restated memorandum and articles of association or (ii) purchase Public Shares through a broker in the open market from holders of Public Shares (other than IPXX), including from holders who previously elected to redeem their Public Shares in connection with the Merger Transactions pursuant to the redemption rights set forth in IPXX’s amended and restated memorandum and articles of association. The aggregate number of Public Shares subject to each FPA investor (the “FPA Shares”) was the aggregate number of Public Shares as notified to the Company by the applicable Seller, but in no event more than such Seller’s Maximum Shares set forth above. Each Seller notified the Company that it would subject the Maximum Shares to their respective FPAs. Prior to the date that was 90 days after the Closing Date (the “Maturity Date”), each Seller was permitted to sell any, or all, of their FPA Shares.

Pursuant to the guidance in ASC 815, the FPAs are each a single freestanding financial instrument comprising of a subscription receivable under SEC Rule 5-02.29 of Regulation S-X. The FPAs were not precluded from equity classification and therefore the Company recorded the FPAs within equity as a subscription receivable. The subscription receivable was initially measured at its fair value of \$20.4 million. The difference between the fair value of the subscription receivable and the prepayment amount of \$20.8 million was recorded to additional paid in capital. As the FPA Shares are equity-classified, they are not remeasured as long as they remain classified within equity.

On various dates between the Closing Date of the Merger and June 30, 2025, the Sellers exercised their early termination rights under the FPAs with respect to approximately 1.89 million FPA Shares. As of June 30, 2025, all FPAs have been terminated. Upon the early termination of the FPAs, the Sellers remitted cash to the Company at the initial price of \$11.00, resulting in cash proceeds received in the amount of \$20.8 million from the Sellers, which was recorded as a reduction of the subscription receivable at the fair value of the terminated shares on the date of termination with an offset to additional paid-in capital.

Note 4. Fair Value Measurements

Fair Value of Financial Instruments on a Recurring Basis

The following table presents the financial assets and liabilities measured on a recurring basis by contractual maturity, including pricing category, amortized cost, gross unrealized gains and losses, and fair value.

	Pricing Category	As of June 30, 2025				As of December 31, 2024			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)									
Assets:									
Money market funds	Level 1	\$ 117,876	\$ —	\$ —	\$ 117,876	\$ 15,709	\$ —	\$ —	\$ 15,709
Liabilities:									
Derivative liability	Level 3	\$ —	\$ —	\$ —	\$ —	\$ 1,164	\$ —	\$ —	\$ 1,164
Earnout liability	Level 3	100,007	—	—	100,007	—	—	—	—
Warrant liability	Level 3	53,715	—	—	53,715	—	—	—	—
Common Stock warrant	Level 3	91,600	—	—	91,600	—	—	—	—
Prefunded warrant	Level 1	23,705	—	—	23,705	—	—	—	—
Total liabilities		\$ 269,027	\$ —	\$ —	\$ 269,027	\$ 1,164	\$ —	\$ —	\$ 1,164

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Level 3 Valuation and Reconciliation

Derivative Liability

On February 26, 2025, the Company remeasured the derivative liability using the Black-Scholes model upon the change in terms of the Hatch Note. The Hatch Note was settled on February 26, 2025, and therefore, no further remeasurement was performed after the settlement date. See Note 10, “Note Payable” for additional information regarding the Hatch Note.

The following table summarizes the significant inputs to value the derivative liability.

	February 26, 2025 ⁽¹⁾	December 31, 2024
Class C-1 unit price	n/a	\$1.47
Class A common unit price	2.16	n/a
Expected volatility	55.0% - 59.1%	55.0% - 59.1%
Risk-free rate	4.20% - 4.34%	4.20% - 4.34%
Credit risk spread	0.29	0.29
Remaining term (in years)	0.20 - 0.57	0.20 - 0.57

^(1.) The Hatch Note was settled on February 26, 2025, and therefore, no further remeasurement was performed after the settlement date.

The following table presents the reconciliation of the derivative liability measured at fair value on a recurring basis.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Beginning balance	\$ —	\$ 420	\$ 1,164	\$ 420
Change in estimated fair value ⁽¹⁾	—	—	(716)	—
Settlement of the Note upon conversion	—	—	(448)	—
Ending balance	\$ —	\$ 420	\$ —	\$ 420

^(1.) Change in estimated fair value is recognized in (Loss) gain on fair market value of financial instruments in the Company’s Condensed Consolidated Statements of Operations.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Earnout Liability

The Company valued the Earnout liability using a Monte Carlo simulation which includes Level 3 unobservable inputs on the initial valuation date (March 13, 2025) and June 30, 2025.

The following table summarizes the significant inputs to value the Earnout liability.

	June 30, 2025	March 13, 2025
Share price	\$10.96	\$10.79
Expected volatility	72.0%	66.0%
Risk-free interest rate	3.82%	4.00%
Remaining term (in years)	5.7	6.0

The following table presents the reconciliation of the Earnout liability measured at fair value on a recurring basis.

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	<i>(In thousands)</i>	
Beginning balance	\$ 46,232	\$ —
Establishment of liability at March 13, 2025	—	99,639
Change in estimated fair value ⁽¹⁾	53,775	368
Ending balance	\$ 100,007	\$ 100,007

^(1.) Change in estimated fair value is recognized in (Loss) gain on fair market value of financial instruments in the Company's Condensed Consolidated Statements of Operations.

Warrant Liability

On March 13, 2025, the Company issued Series A Investor Warrants in exchange for prior Class A Purchase Warrants in connection with the Merger and related transactions. The Company valued the liability classified Series A Investor Warrants using a Monte Carlo simulation, which includes Level 3 unobservable inputs on the initial valuation date (March 13, 2025) and June 30, 2025. On May 2, 2025, the exercise price reset from \$12.00 to \$7.00 as a result of the \$75M PIPE (as defined below). See Common Stock Warrant Liability and \$75M PIPE Prefunded Warrant Liability sections in this footnote below, and Note 11, "Mezzanine and Stockholders' Equity" for further details related to the \$75M PIPE financing.

The following table summarizes the significant inputs to value the Series A Investor Warrants liability.

	June 30, 2025	March 13, 2025
Share price	\$10.96	\$10.79
Exercise price ⁽¹⁾	\$7.00	\$12.00
Expected volatility	130.0%	65.0%
Risk-free rate	4.06%	3.95%
Dividend yield	—%	—%
Put term (in years)	3.9	4.4

^(1.) On May 2, 2025, the Company reset the exercise price of this warrant from \$12.00 to \$7.00.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

The following table presents the reconciliation of the Series A Investor Warrants liability measured at fair value on a recurring basis.

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	(In thousands)	
Beginning balance	\$ 34,475	\$ —
Establishment of liability at March 13, 2025	—	40,652
Change in estimated fair value ⁽¹⁾	35,758	29,581
Warrant exercises	(16,518)	(16,518)
Ending balance	\$ 53,715	\$ 53,715

^(1.) Change in estimated fair value is recognized in (Loss) gain on fair market value of financial instruments in the Company's Condensed Consolidated Statements of Operations.

Private Investment in Public Entity Financing

On May 2, 2025, the Company closed its private investment in public equity financing (“\$75M PIPE”) with a single institutional investor. The \$75M PIPE included issuance of Common Stock, Common Stock warrants and Prefunded warrants. Both Common Stock and Prefunded warrants are treated as liabilities and are remeasured at each reporting date, with the corresponding gain or loss recognized in (Loss) gain on fair market value of financial instruments on the Company's Condensed Consolidated Statements of Operations.

See Note 11, “Mezzanine and Stockholders' Equity – Private Investment in Public Entity Financing” for further information regarding the issuances under the \$75M PIPE.

Common Stock Warrant Liability Valuation

The Company valued the Common Stock warrant, which includes Level 3 unobservable inputs using a Monte Carlo simulation model at issuance and at reporting date.

The following table summarizes the significant inputs to value the Common Stock warrant liability.

	June 30, 2025	May 2, 2025
Share price	\$10.96	\$10.31
Exercise price	\$7.00	\$7.00
Expected volatility	130.0%	140.0%
Risk-free rate	4.06%	4.21%
Dividend yield	—%	—%
Put term (in years)	5.1	5.4

⁽¹⁾ Put term is 6-years from date of first exercise.

The following table presents the reconciliation of the Common Stock warrant liability measured at fair value on a recurring basis.

	Three and Six Months Ended June 30, 2025
	(In thousands)
Establishment of liability at May 2, 2025	\$ 84,807
Change in estimated fair value ⁽¹⁾	6,793
Ending balance	\$ 91,600

^(1.) Change in estimated fair value is recognized in (Loss) gain on fair market value of financial instruments in the Company's Condensed Consolidated Statements of Operations.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Prefunded Warrant Liability Valuation

The Company valued the Prefunded warrant based on the Company's share value at issuance and at reporting date.

The following table summarizes the significant inputs to value the Prefunded warrants measured at fair value on a recurring basis.

	June 30, 2025	May 2, 2025
Share price	\$10.96	\$10.31
Exercise price	\$0.0001	\$0.0001

The following table presents the reconciliation of the Prefunded warrant liability measured at fair value on a recurring basis.

	Three and Six Months Ended June 30, 2025
	<i>(In thousands)</i>
Establishment of liability at May 2, 2025	\$ 22,309
Change in estimated fair value ⁽¹⁾	1,396
Ending balance	\$ 23,705

^(1.) Change in estimated fair value is recognized in (Loss) gain on fair market value of financial instruments in the Company's Condensed Consolidated Statements of Operations.

Note 5. Property, Plant and Equipment, Net

	June 30, 2025	December 31, 2024
	<i>(In thousands)</i>	
Land	\$ 707	\$ 707
Land improvements	403	403
Building improvements	2,553	—
Lab equipment	3,011	500
Leasehold improvements	346	346
Computer equipment	13	—
Construction in progress	26,239	25,775
Property, plant and equipment, gross	33,272	27,731
Less: Accumulated depreciation	(1,407)	(1,202)
Property, plant and equipment, net	\$ 31,865	\$ 26,529
Finance lease right-of-use assets	\$ 1,233	\$ —
Less: Accumulated amortization	(67)	—
Finance lease-right-of-use assets, net	\$ 1,166	\$ —
Total property, plant and equipment, net	\$ 33,031	\$ 26,529

The following table presents the depreciation expense related to the Company's property, plant and equipment, and the amortization expense related to the Company's finance lease right-of-use assets.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Depreciation expense	\$ 108	\$ 73	\$ 135	\$ 163
Amortization expense	61	—	67	—
Total	\$ 169	\$ 73	\$ 202	\$ 163

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 6. Variable Interest Entity**Round Top Mountain Development**

On May 17, 2021, the Company completed the acquisition of 80% of the equity interests of RTMD, pursuant to a contribution agreement with the Company, Texas Mineral Resource Corp. ("TMRC"), and RTMD, whereby TMRC and the Company contributed their respective rights and interests to and in Round Top Mountain in Texas to RTMD. Concurrently, the Company, TMRC, and RTMD entered into a limited liability company agreement of RTMD which documented the governance of RTMD. This acquisition resulted in the consolidation of RTMD, which is a variable interest entity ("VIE"), and the recording of a non-controlling interest for the remaining TMRC equity interest.

Effective June 26, 2023, RTMD, USARE LLC and TMRC entered into an amended and restated limited liability company agreement of RTMD pursuant to which, in the event that TMRC does not fund its share of mandatory capital contributions called for by USARE LLC as the manager of RTMD, USARE LLC is obligated to cover the shortfall by making additional capital contributions to RTMD (or in the event that USARE LLC does not fund, the capital call will be withdrawn). If USARE LLC does fund the capital contribution, additional equity interests in RTMD will be issued to USARE LLC and TMRC will be proportionally diluted in accordance with the terms of the amended and restated limited liability company agreement.

Due to TMRC's failure to fund its share of mandatory capital contributions called for by USARE LLC, the Company's ownership interest in RTMD, since December 31, 2024, was increased to approximately 80.57% and TMRC's interest in RTMD was reduced to 19.43%.

The following table presents the assets and liabilities associated with RTMD included in the Company's Condensed Consolidated Balance Sheets.

	June 30, 2025	December 31, 2024
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$ 195	\$ 66
Prepaid expenses and other current assets	198	178
Right-of-use asset	389	30
Mineral interests	17,125	17,125
Property, plant and equipment, net	228	264
Other assets	25	20
Consolidated assets	<u>\$ 18,160</u>	<u>\$ 17,683</u>
LIABILITIES		
Accounts payable	\$ 24	\$ 42
Accrued liabilities	255	141
Lease liability	386	22
Consolidated liabilities	<u>\$ 665</u>	<u>\$ 205</u>

RTMD did not record depletion expense for the mineral interests for the three and six months ended June 30, 2025 and 2024.

RTMD's creditors have no recourse against the Company for the RTMD consolidated liabilities included within the Company's Condensed Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024.

The assets of the consolidated VIE can only be used to settle the obligations of the consolidated VIE and not the obligations of the Company.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Mineral Interests

The Company acquired two (2) mineral rights leases along with an associated groundwater lease in Hudspeth County, Texas as part of the acquisition of RTMD. Mineral property acquisition costs, including acquired intangibles, licenses and lease payments, are capitalized. The net carrying value of mineral rights were \$17.1 million as of June 30, 2025 and December 31, 2024.

Impairment losses are recorded on mineral interests when indicators of impairment are present and the carrying amount exceeds the associated estimated future undiscounted cash flows. As of June 30, 2025 and December 31, 2024, the Company had not recognized any impairment losses related to mineral interests held.

Note 7. Accrued Liabilities

The following table presents a summary of the accrued liabilities by category.

	June 30, 2025	December 31, 2024
	(In thousands)	
Payroll and related employee taxes	\$ 1,349	\$ 1,908
Litigation settlement ⁽¹⁾	1,824	—
Construction in progress	1,302	323
Other	659	840
Total accrued liabilities	\$ 5,134	\$ 3,071

^(1.) On July 1, 2025, the Company entered into a settlement agreement with various plaintiffs. The Company agreed to issue 159 thousand shares of Common Stock and agreed to pay \$150 thousand to certain plaintiffs. As the litigation settlement was probable and estimable, the Company recorded the litigation settlement during the quarter ended June 30, 2025. See Note 8, “Commitments and Contingencies – Ramco Complaint and Kleiner Notice Settlement” for further discussion surrounding the litigation settlement.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 8. Commitments and Contingencies**Potential Future Environmental Contingency**

The Company's planned exploration and development activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally have become more restrictive. The Company will conduct its operations to protect public health and the environment and believes that its current engineering operations are materially in compliance with all applicable laws and regulations. While the Company's mining activities are not yet operational, the Company has made, and expects to make in the future, expenditures to comply with all local and federal environmental laws and regulations. The ultimate amount of reclamation and other future site-restoration costs to be incurred for future mining interests is unknown and uncertain as of June 30, 2025.

Litigation

From time to time, the Company may become subject to legal proceedings, claims or litigation arising in the ordinary course of business. In addition, the Company may receive notices alleging infringement of patents or other intellectual property rights. The outcomes of any legal proceedings, claims, notices or litigation are subject to uncertainty, and any claims against the Company, whether meritorious or not, can be time-consuming, result in costly litigation, require significant management time, create negative perceptions with communities, stakeholders, and government agencies and result in the diversion of significant operational resources. If an unfavorable outcome was to occur in any proceeding, claim or litigation, the Company could be adversely affected in the period in which they are resolved and the impact could be material to the Company's business, financial condition, cash flow or results of operations, depending on the specific circumstances of the outcome. The Company accrues loss contingencies when it is both probable that the Company will incur the loss and when it can reasonably estimate the amount of the loss or range of loss.

Ramco Complaint

A complaint was filed in Delaware Chancery Court by Ramco Asset Management, LLC ("Ramco"), US Trading Company Metals RE, LLC, and DinSha Dynasty Trust ("DinSha") (collectively, the "Plaintiffs") on July 29, 2022 against USA Rare Earth, LLC ("USARE LLC"), Morzev Pty Ltd., Mordechai Gutnick ATF the Morzev Trust, Mordechai Gutnick, and Pini Althaus (collectively, the "Defendants"), captioned Ramco Asset Management, LLC v. USA Rare Earth, LLC, C.A. No. 2022-0665-SG (as amended, the "Complaint"). In connection with this matter and a disagreement regarding the number of units of USARE LLC that were issued to the Plaintiffs in transactions during 2019, the Complaint alleged causes of action for breach of contract, breach of fiduciary duty, breach of the Corporations Act (Australia), fraud and misrepresentation, and breach of the duty of good faith and fair dealing. The Complaint seeks a variety of relief, including compensatory and punitive damages, curative equity, attorneys fees and expenses and other relief as may be granted by the court. USARE LLC thereafter filed a motion to dismiss Plaintiffs' claims. After motion practice and argument, the court dismissed all claims, except for Ramco's alleged breach of contract claim and alleged breach of good faith and fair dealing as asserted against the Company. On July 1, 2025, USARE LLC, Ramco, DinSha and Stewart Kleiner entered into a settlement agreement in full settlement of, amongst other things, the Complaint. See subsection "Ramco Complaint and Kleiner Notice Settlement" below.

Kleiner Notice

On April 1, 2025, the Company received notice from Stewart Kleiner (Managing Member of Ramco and Grantor of DinSha) asserting that a milestone triggering payment of certain equity outlined in a May 10, 2019 advisory agreement (the "Milestone Payment Notice") had been achieved as a result of the Company's reverse merger with Inflection Point Acquisition Corp. II. A July 28, 2019 amendment to the advisory agreement guaranteed payment of the equity by Mordechai Gutnick in the event of a conflict between Mr. Kleiner and the Company. On July 1, 2025, the Company, USARE LLC, Ramco, DinSha and Mr. Kleiner entered into a settlement agreement in full settlement of, amongst other things, the Milestone Payment Notice and the guaranteed payment of equity by Mr. Gutnick was released. See subsection "Ramco Complaint and Kleiner Notice Settlement" below.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Ramco Complaint and Kleiner Notice Settlement

On July 1, 2025, Ramco, DinSha, Mr. Kleiner, the Company and USARE LLC entered into a settlement agreement and release pursuant to which, in full settlement of the Complaint and the Milestone Payment Notice, amongst other things, the Company agreed to issue 159 thousand shares of Common Stock to DinSha and agreed to pay \$150 thousand to Ramco. The settlement agreement is expressly not to be construed as an admission of liability by the Company. During the second quarter of 2025, the Company determined that the consideration paid (both cash and the fair value of the Common Stock components) were both probable and estimable, and should be classified as settlement of litigation. During the quarter ended June 30, 2025, the Company recorded an estimated fair value charge of \$1.8 million in its Condensed Consolidated Statements of Operations.

Transaction Bonus

The Company has agreements with certain individuals and entities that require payment of cash and/or equity upon certain criteria as defined by the applicable agreement. The transaction bonuses are recognized when they are deemed to be probable or when the qualifying transaction has been consummated.

During the three months ended March 31, 2025, the Company completed the Merger, which triggered \$1.9 million of cash bonuses to certain employees and consultants pursuant to existing transaction bonus agreements, of which, \$0.8 million and \$1.9 million were paid out in the three and six months ended June 30, 2025, respectively. The expense for the cash bonuses was recognized in Selling, general and administrative operating expense in the Company's Condensed Consolidated Statements of Operation.

In addition, approximately 0.38 million USARE LLC Class A units were issued to certain consultants pursuant to existing transaction bonus agreements which provided for the payment of these Class A units immediately prior to the completion of the Merger. The Class A units were then converted to common stock at closing for \$0.8 million. The Company also accrued \$0.2 million for restricted stock units to be issued to a certain employee. The expense for the equity transaction bonuses was recognized in Equity-based compensation.

As of June 30, 2025, the Company has agreements in place regarding the potential payment of up to \$1.5 million in cash related to other transaction bonuses which are not triggered by the Merger. No amounts were accrued for these bonuses as of June 30, 2025 and December 31, 2024, as the triggering event had not occurred.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 9. Leases

Balance Sheet Components and Lease Activity

The following table presents the finance and operating leases on the Company’s Condensed Consolidated Balance Sheets.

	June 30, 2025	December 31, 2024
	(In thousands)	
Assets		
Finance leases, included in property plant and equipment, net	\$ 1,166	\$ —
Operating leases, included in lease right-of-use assets, net	389	30
Total	<u>\$ 1,555</u>	<u>\$ 30</u>
Liabilities		
Finance lease liability, current	\$ 277	\$ —
Finance lease liability, non-current	735	—
Total finance lease liabilities	<u>1,012</u>	<u>—</u>
Operating lease liability, current ⁽¹⁾	144	23
Operating Lease liability, non-current	255	—
Total operating lease liabilities	<u>399</u>	<u>23</u>
Total lease liabilities	<u>\$ 1,411</u>	<u>\$ 23</u>

(1.) Includes sub-lease deposits of \$13 thousand.

Finance Leases

The following table presents the active finance leases at June 30, 2025 and the amounts recognized in the Company’s Condensed Consolidated Balances at lease commencement.

Equipment Location	Purpose	Expiration	Property & Equipment	Finance Lease Liability
			(In thousands)	
Stillwater, OK	Lab Equipment	Mar 2029	\$ 765	\$ 673
Stillwater, OK	Lab Equipment	Mar 2029	152	133
Stillwater, OK	Lab Equipment	Mar 2028	316	245

The lease agreements include purchase options that the Company is reasonably certain to exercise. The agreements did not include termination options for either party to the lease or restrictive financial or other covenants.

Operating Leases

The following table presents certain facts regarding the Company’s material property leases as of June 30, 2025.

Location	Purpose	Square Footage	Expiration	Option to Extend	ROU Asset Value at Commencement
					(In thousands)
Wheat Ridge, CO	Office/Warehouse	5,575	Mar 2028	*	\$ 163
Wheat Ridge, CO	Office/Warehouse	3,433	Mar 2028	*	264

(1) Number of renewal options(s) / Number of year(s) per renewal option.
* No option to extend the lease at termination.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Lease Activity

The following table presents the finance and operating lease activities.

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	<i>(In thousands)</i>	
Finance Lease		
Right-of-use assets acquired	\$ —	\$ 1,233
Amortization expense	61	67
Interest expense	12	13
Cash paid	53	53
Operating Lease		
Right-of-use asset acquired	\$ —	\$ 427
Lease expense	32	68
Cash paid	72	127

Remaining Lease Terms and Discount Rates

The following table presents certain information related to the weighted-average remaining lease terms (in years) and weighted-average discount rates used to value acquired right-of-use assets.

	June 30, 2025	December 31, 2024
Finance Leases		
Remaining lease term (years)	3.44	—
Discount rate	4.53 %	— %
Operating Leases		
Remaining lease term (years)	2.75	0.29
Discount rate	4.28 %	8.76 %

Maturities of Lease Liabilities

The following table presents future minimum lease payments under non-cancelable finance and operating leases on an annual undiscounted cash flow basis as of June 30, 2025.

	Finance Leases	Operating Leases
	<i>(In thousands)</i>	
Year Ending December 31,		
2025 (remaining six months)	\$ 158	\$ 72
2026	316	148
2027	316	152
2028	247	38
2029	55	—
Total lease payments	1,092	410
Less imputed interest	(80)	(24)
Present value of future minimum lease payments	\$ 1,012	\$ 386

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 10. Note Payable

On July 28, 2023, USARE LLC and Hatch LTD (“Hatch”) entered into an unsecured \$1.0 million Senior Convertible Promissory Note agreement (the “Note”) with a 10% interest rate. The Note had an original maturity date of July 28, 2025, when the principal plus accrued interest of \$0.2 million would become due, barring earlier conversion under certain events. A side letter and memorandum of understanding, signed contemporaneously with the Note, provided for potential issuances of an aggregate amount of \$4.0 million in additional notes in two (2) tranches, the option of which expired unexercised, one year after the Note.

On February 26, 2025, USARE LLC and Hatch entered into a Letter Agreement to settle the Note in full by issuing approximately 0.68 million shares of USARE LLC Class A common units to Hatch, contingent upon success of the Merger. The Letter Agreement effectively modified the conversion terms by changing the type and number of shares in which the Note would be converted. On February 26, 2025, the Company accounted for the modification in terms by adjusting the December 31, 2024 valuation for the change to fair value of the derivative liability. A gain on the derivative liability of \$0.7 million was recognized during the three months ended March 31, 2025.

The Note was settled as of the Closing Date of the Merger and accounted for as an extinguishment. The Company did not fair value the derivative immediately before extinguishment due to the relative proximity of the date of the Note’s modification to the Closing Date of the Merger. The fair value of the USARE LLC Class A common units issued to Hatch was calculated using the closing common stock price on March 13, 2025, adjusted for the conversion ratio used to convert USARE LLC Class A common units to Common Stock at the Merger. The Company recognized a loss on extinguishment of \$11 thousand.

Upon closing of the Merger, the 0.68 million USARE LLC Class A common units converted into 0.14 million shares of Common Stock. The following table presents the interest expense recognized on the Note for the periods indicated. For 2025, the amount of interest expense was recognized through the extinguishment of the Note.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Amortization of Note discount	\$ —	\$ 50	\$ 54	\$ 94

The effective interest rate of the Note was 44.875%.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 11. Mezzanine and Stockholders' Equity

The total number of shares outstanding as of June 30, 2025 and the total number of shares of all classes of stock that USAR has authority to issue is follows:

Class of Stock	Authorized	Par Value	Outstanding
	(In thousands, except par value)		
Common Stock	750,000	\$ 0.0001	96,189
Preferred Stock	50,000	\$ 0.0001	3,714
Total authorized	800,000		

Common Stock

Common Stock Voting Rights. Each holder of record of Common Stock has one vote for each share of Common Stock that is outstanding and held on all matters on which stockholders are entitled to vote generally.

Dividend Rights. The payment of future dividends on the shares of Common Stock depends on the Company’s financial condition and is subject to the discretion of the Board.

Rights Upon Liquidation. Upon liquidation, the holders of Common Stock are entitled to receive the remaining assets of the Company available for distribution to its stockholders ratably in proportion to the number of shares held by them after payment of debts and other liabilities and subject to the rights of the holders of outstanding Preferred Stock.

Lock-Up Arrangements. Pursuant to the Company's bylaws, certain former members of USARE LLC, (excluding the former holders of the USARE LLC Class A Convertible Preferred Units and the USARE LLC Class A Preferred Investor Warrants, solely with respect to securities received in exchange for such USARE LLC securities) (together with their permitted transferees, the “USARE Lock-Up Holders”), unless released by the Company’s Board of Directors (the “Board”), are not permitted, prior to six months after the Closing Date to sell or otherwise dispose of any shares of Common Stock that were issued to them in connection with the transactions contemplated by the Merger (“USAR Lock-Up Shares”) without the prior written consent of the Company’s board of directors. Additionally, the USARE Lock-Up Holders are not permitted to, prior to one year after the Closing Date, transfer more than 50% of their USAR Lock-Up Shares, without the prior written consent of the Board. Notwithstanding the foregoing, in connection with the closing of the Merger, the Board released specified USARE Lock-Up Holders, generally the holders who were expected to own less than 0.2% of the Common Stock issued to all USARE Lock-Up Holders in the Merger, from the lock-up described above.

Pursuant to a Lock-Up Agreement, dated March 13, 2025, by and between the Company and Inflection Point Holdings II LLC (the “Sponsor”) and its permitted assigns agreed not to sell or otherwise dispose of 6.25 million shares of Common Stock (the “Sponsor Lock-Up Shares”) that were issued to the Sponsor in connection with the Merger Transactions in exchange for 6.25 million ordinary shares of IPXX issued to it prior to the Company’s initial public offering. Additionally, the Sponsor agreed that it would not, prior to one year after the Closing Date, transfer more than 50% of its Sponsor Lock-Up Shares, without the prior written consent of the Board.

12% Series A Convertible Preferred Stock

Preferred stock issued were designated as 12% Series A Convertible Preferred Stock (“Series A Preferred Stock”). The Company's certificate of incorporation authorizes the Board to establish one or more series of preferred stock, which will be available for issuance without further action by the holders of Common Stock. 15.0 million shares of preferred stock have been designated as Series A Preferred Stock. Each share of Series A Preferred Stock has a stated value of \$12.00 (the “Stated Value”).

Dividends: The Series A Preferred Stock accrues dividends daily at the rate of 12% per annum of the Stated Value (if paid in kind), plus the amount of previously accrued dividends paid in kind, or 10% per annum of the Stated Value (if paid in cash), plus the amount of previously accrued dividends. Such dividends will compound semi-annually.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Liquidation Preference: Upon any liquidation, the holders of Series A Preferred Stock will be entitled to receive out of the available proceeds (i) 100% of the Stated Value per share of Preferred Stock plus accumulated dividends ("Accrued Value") or (ii) an amount per share that would be payable had all shares of Series A Preferred Stock been converted into Common Stock immediately prior to the liquidation event. Thereafter, the holders of Series A Preferred Stock will be entitled to receive their pro-rata share of the remaining available proceeds available for distribution to stockholders, on an as-converted to Common Stock basis.

Voting: The Series A Preferred Stock will (i) vote together with the Common Stock as a single class, except as required by law and (ii) subject to certain protective provisions. Holders of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matters.

Conversion: Each share of Series A Preferred Stock is convertible into Common Stock at any time at the option of the holder at a rate equal to the Accrued Value, divided by the then-applicable conversion price. The conversion price is initially \$12.00, subject to adjustments for stock dividends, splits, combinations and similar events and customary anti-dilution adjustments, including with respect to future issuances or sales of Common Stock at prices less than \$10.00 per share. In addition, if the 20-day volume-weighted average price of the Common Stock on the twenty-first trading day following the date that is six months after the Closing Date is less than the conversion price then in effect, the conversion price will be adjusted to the greater of (i) such volume weighted average price and (ii) \$7.50. On May 2, 2025, the conversion price was reduced to \$7.00.

Put Rights: Unless prohibited by applicable law governing distributions to stockholders, the Series A Preferred Stock is redeemable at the option of the holder commencing any time after the 5th anniversary of the Closing at a price equal to the Accrued Value.

Call Rights: Unless prohibited by applicable law governing distributions to stockholders, the Series A Preferred Stock shall be redeemable at the option of the Company commencing any time:

- (a) prior to the 1st anniversary of the Closing at a price equal to the 150% of the Accrued Value,
- (b) on or after the 1st anniversary but prior to the 2nd anniversary of the Closing at a price equal to 140% of the Accrued Value,
- (c) on or after the 2nd anniversary of the Closing but prior to the 3rd anniversary of the Closing at a price equal to 130% of the Accrued Value,
- (d) on or after the 3rd anniversary of the Closing but prior to the 4th anniversary of the Closing at a price equal to 120% of the Accrued Value,
- (e) on or after the 4th anniversary of the Closing but prior to the 5th anniversary of the Closing at a price equal to 110% of the Accrued Value, or
- (f) on or after the 5th anniversary of the Closing at a price equal to 100% of the Accrued Value.

In accordance with ASC 480-10-S99, the Company classified the Series A Preferred Stock subject to redemption in mezzanine equity as the redemption provisions are not solely within the control of the Company.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Warrants

The following table presents the number of potential shares of Common Stock that outstanding warrant holders may acquire as of June 30, 2025.

	Balance Sheet Classification	Exercise Price	Potential Common Stock Shares Issuable Upon Exercise ⁽¹⁾
<i>(In thousands, except for exercise price)</i>			
Investor Public Warrants	Equity	\$11.50	12,369
Investor Private Warrants	Equity	\$11.50	6,000
Series A Warrants ^{(2) (3)}	Liability	\$7.00	6,130
Common Stock warrants ⁽³⁾	Liability	\$7.00	10,714
Prefunded warrants ⁽³⁾	Liability	\$0.0001	2,164
Total Warrants			<u>37,377</u>

⁽¹⁾ Amount presented is net of exercises.

⁽²⁾ On March 13, 2025, the Company granted warrants to acquire approximately 23.8 million shares of Common Stock. On May 3, 2025, the exercise price of the outstanding Series A warrants was reduced from \$12.00 to \$7.00 due to the \$75M PIPE (as defined below). The number of shares of Common Stock issuable related to the outstanding Series A warrants on May 3, 2025 was subsequently increased by approximately 171%.

⁽³⁾ See the following section entitled "Private Investment in Public Entity Financing".

Private Investment in Public Entity Financing

On May 2, 2025, the Company closed its private investment in public equity financing (the "\$75M PIPE") with a single institutional investor. Under the \$75M PIPE agreement, the Company issued the following shares of Common Stock, Common Stock warrant, and Prefunded warrant:

	Common Stock Shares and Warrants Issued	Exercise Price
<i>(In thousands)</i>		
Common Stock shares	8,550	
Common Stock warrants	10,714	\$7.00
Prefunded warrants	2,164	\$0.0001

In exchange for the above issuances, the Company received cash of \$75.0 million. The \$75M PIPE agreement specified that:

- exercisability of the Common Stock warrant Common Stock and Prefunded warrant are contingent upon investor's beneficial ownership of the Company, which may not exceed 9.99% at time of exercise;
- the Common Stock warrant will expire six (6) years from the initial exercise date;
- the Prefunded warrant does not expire;
- embedded put rights upon a Fundamental Transaction, as defined in the agreement;
- can be exercised in whole or in part;
- can only be exercised as long as the warrant is still outstanding; and
- other conditions and covenants as outlined in the agreement.

Upon closing of the \$75M PIPE, the Company recognized a loss of \$36.9 million on the value of the issued Common Stock shares, as the fair value of the related Common Stock warrant and Prefunded warrant on the issuance date exceeded the value of the financing received. The recognized loss on the value of the issued shares of Common Stock was recognized in (Loss) gain on fair market value of financial instruments on the Company's Condensed Consolidated Statements of Operations. As of June 30, 2025, the Common Stock warrant remains unexercisable. See Note 4, "Fair Value Measurements – Private Investment in Public Entity Financing" for further information regarding the valuation of the \$75M PIPE Common Stock warrant and Prefunded warrant.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Conversion of IPXX Warrants

As a result of the Domestication, (a) each of the then issued and outstanding warrants to purchase Class A ordinary shares of IPXX automatically became a USAR Warrant exercisable for one share of Common Stock on the same terms as the pre-Domestication warrants; and (b) each unit of IPXX issued and outstanding as of immediately prior to the Domestication was automatically canceled and each holder received one share of Common Stock and one-half of one USAR Warrant exercisable for one share of Common Stock on the same terms as the pre-Domestication warrants, with any fractional USAR Warrants to be issued in connection with such separation rounded down to the nearest whole warrant.

USARE LLC Series A Investor Warrants

As a result of the Merger transaction closing, the USARE LLC Class A Units Purchase Warrants automatically converted into USAR Series A Investor Warrants. The USARE LLC Class A Units Purchase Warrants were previously classified as equity. As the legal form of the warrants changed as a result of the Merger, management reassessed the classification of the warrants.

The USAR Series A Investor Warrants provide for a Black-Scholes value calculation, as defined, in the event of certain transactions (“Fundamental Transactions,” as defined in the USAR Series A Investor Warrants), which includes a floor on volatility utilized in the Black-Scholes value calculation at 100% or greater. The Company has determined that this provision introduces leverage to the holders of the warrants that could result in a value that would be greater than the settlement amount of a fixed-for-fixed option on the Company’s own equity shares. Accordingly, pursuant to ASC 815, the Company has classified the fair value of the USAR Series A Investor Warrants as a liability to be re-measured at the end of every reporting period with the change in value reported in the Condensed Consolidated Statement of Operations.

The activity related to the USARE LLC Class A Purchase Warrants to acquire USARE LLC Class A common units as of January 1, 2025, and changes during the six months ended June 30, 2025 are summarized as follows:

	Units	Weighted Average Exercise Price	Intrinsic Value
	<i>(In thousands, except for exercise price)</i>		
Outstanding as of January 1, 2025	3,000	\$12.00	\$0
Issuance of warrants - additional Class A Preferred	2,279		
Conversion to Series A Preferred Investor Warrant	(5,279)		
Outstanding as of June 30, 2025	—		

USARE LLC Warrants to Acquire Class B Common Units

The activity related to the USARE LLC warrants to acquire USARE LLC Class B common units as of January 1, 2025, and changes during the six months ended June 30, 2025 are summarized as follows:

	Units	Weighted Average Exercise Price	Intrinsic Value
	<i>(In thousands, except for exercise price)</i>		
Outstanding as of January 1, 2025	8,315	\$0.24	\$16,000
Cashless exercise to class B Common Units	(8,315)		
Outstanding as of June 30, 2025	—		

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

USARE LLC Warrants to Acquire Class C Preferred Units

The activity related to the USARE LLC warrants to acquire USARE LLC Class C convertible preferred units as of January 1, 2025, and changes during the six months ended June 30, 2025 are summarized as follows:

	Units	Weighted Average Exercise Price	Intrinsic Value
	<i>(In thousands, except for exercise price)</i>		
Outstanding as of January 1, 2025	1,949	\$1.06	\$1,956
Dividends	19	1.73	
Cashless exercise to Common B Units	(1,968)		
Outstanding as of June 30, 2025	—		

USARE LLC Class B Common and Class C Convertible Preferred Units

Upon closing of the Merger, the following USARE LLC warrants to acquire Class B common and Class C convertible preferred units of USARE LLC were converted into shares of Common Stock using the treasury method of accounting on a cashless exercise basis and an exchange conversion ratio of approximately 0.204 shares of USAR Common Stock for each Class A unit of USARE LLC.

	Shares
	<i>(In thousands)</i>
USARE LLC Class B Common Warrants	1,521
USARE LLC Class C Convertible Preferred Warrants	379
Total USAR Common Stock	1,900

Note 12. Equity-Based Compensation

Incentive Plans

2024 Omnibus Incentive Plan

The Company has reserved 13.0 million shares of Common Stock for issuance pursuant to the 2024 Omnibus Incentive Plan (the “2024 Incentive Plan”), and the maximum number of units that may be issued pursuant to the vesting of incentive awards under the 2024 Incentive Plan is 13.0 million units, subject to certain adjustments. Each unit represents the right to receive one share of Common Stock. The Company has not granted any equity-based awards under the 2024 Incentive Plan as of June 30, 2025.

USARE LLC Incentive Plan

USARE LLC issued incentive units under the Amended and Restated Incentive Plan dated May 1, 2020 and the Second Amended and Restated Equity Incentive Plan dated August 26, 2022 and amended November 2, 2022 and February 10, 2024 (the “Legacy Incentive Plan”). The incentive units were intended to constitute “profit interests” within the meaning of the U.S. Internal Revenue Service (“IRS”) Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). The rights and preferences of the incentive units were defined in the respective incentive unit agreements. The Company did not forfeit or grant any new incentive units under the Legacy Incentive Plan as of the closing date of the Merger. In addition, no new grants will be awarded under this plan.

Valuation

USARE LLC utilized an independent valuation company to estimate the fair value of the underlying equity units into which the incentive units granted under the Legacy Incentive Plan would be converted. During the year ended December 31, 2024, the Company then used this valuation in a Black-Scholes pricing model to determine the fair value of the incentive units granted. The Black-Scholes pricing method is considered to be a Level 3 fair value measurement requiring highly judgmental assumptions including expected volatility. The expected volatility was estimated by taking the average historical price volatility for industry peers, consisting of several public companies in its industry which are either similar in size, stage of life cycle, or financial leverage, over a period equivalent to the expected term of the awards. USARE LLC recognized the associated costs across the vesting period using the straight-line method. All outstanding and unvested incentive units under the Legacy Incentive Plan vested upon the closing of the Merger and unrecognized equity-based compensation expense of incentive units vested on that date of \$0.2 million was recognized.

Compensation Expense

The following table presents the compensation expense under the Legacy Incentive Plan.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Incentive units	\$ —	\$ (38)	\$ 441	\$ 259
Class A units ⁽¹⁾	—	(277)	841	(225)
Total	\$ —	\$ (315)	\$ 1,282	\$ 34

⁽¹⁾ In the three months ended March 31, 2025, USARE LLC recorded equity-based compensation for issuance of its Class A Units to certain consultants immediately prior to the Closing Date of the Merger pursuant to existing bonus agreements. In the three and six months ended June 30, 2024, USARE LLC recorded the forfeiture of equity-based compensation of its former CEO.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

The following table presents the activity related to the incentive units as of June 30, 2025, and changes during the six months ended June 30, 2025.

	Units	Weighted Average Distribution Threshold ⁽¹⁾	Intrinsic Value ⁽²⁾
	<i>(In thousands, except for weighted average distribution threshold)</i>		
Outstanding at January 1, 2025	39,185	\$0.97	\$ 46,152
Conversion to USARE LLC Class A units	(39,185)	\$0.97	
Outstanding at June 30, 2025	—		

⁽¹⁾ The distribution threshold amount refers to the value that would need to be exceeded before the holder would receive any consideration upon a liquidation event.

⁽²⁾ The intrinsic value is calculated based upon the fair value of the incentive units as of the reported date.

Conversion of Incentive Units – Upon closing of the Merger, all outstanding incentive units were considered fully vested and converted into approximately 4.55 million shares of Common Stock using the treasury method of accounting on a cashless exercise basis and an exchange conversion ratio of approximately 0.204 shares of Common Stock for a share of Common Stock of USARE LLC.

Vesting Period of Incentive Units – USARE LLC utilized different vesting periods, generally ranging from one year to three years, depending on the specifics of the grant. In case of a change in control, unless otherwise expressly provided in the participant’s award agreement, the units would become 100% vested and any restrictions and limitations applicable to the participant’s incentive units would lapse and such incentive units would become fully transferable.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 13. Government Grants

The Company has government grants for the purchase or construction of long-lived assets. The Company presents grants received related to long-lived assets as a non-current deferred grants liability on the Condensed Consolidated Balance Sheets and recognizes revenue through profit or loss over the useful life of the underlying assets.

Tax Incremental Financing

On June 6, 2022, the Company executed a Tax Increment Financing Agreement (the “TIF Agreement”) with the Stillwater Economic Development Authority (the “Authority”), a public trust having as its beneficiary the City of Stillwater, Oklahoma (the “City”), whereby the Authority will provide upfront development financing assistance to the Company of up to \$7.0 million for the development of the Stillwater Facility (the “Upfront Assistance”). Additionally, entry into the TIF Agreement made USARE LLC eligible to receive a manufacturing and research and development Ad Valorem Tax Exemption for a period of five years and thereafter requires the Authority to disburse to the Company 90% of the incremental Ad Valorem taxes generated by the Ad Valorem taxes assessed against the Stillwater Facility and paid by the Company. Under the terms of the TIF Agreement, among other things, the Company is required to complete the Stillwater Facility and in doing so to make an investment of approximately \$140.0 million and to employ a specified number of employees at specified levels of median compensation at various stages of the development. Subject to agreed extensions, USARE LLC is also required to commence certain phases of the development of the Stillwater Facility by no later than March 31, 2026 and complete that advanced development by no later than June 30, 2027. Should the Company default on its obligations under the Stillwater Redevelopment Agreement, the Authority may terminate the agreement and make demand for immediate repayment in full of the Upfront Assistance.

As of June 30, 2025 and December 31, 2024, the Company recorded \$7.0 million of deferred grant income related to cash received to date as part of the TIF Agreement, all of which is noncurrent as a component of Deferred grants. As of June 30, 2025, the Company has not recognized any of the deferred grant income amounts in profit or loss related to the TIF Agreement as the associated long-lived assets requirement and employment obligations have not been met. The Company filed the Ad Valorem Tax Exemption application for the year ending December 31, 2023, in March of 2023. Approval was received November 14, 2023 from the Stillwater Economic Development Authority for the Five-Year Ad Valorem Tax Exemption. As such, the Company has not incurred any real and personal ad valorem taxes to date.

Governor’s Fund

On April 15, 2022, the Company entered into an agreement with the Oklahoma Department of Commerce to receive a \$1.2 million award to be used for the renovation of an existing building at the Stillwater Facility (the “Governor’s Fund Agreement”), to be paid in \$0.6 million increments when the Company had cumulatively spent \$1.0 million and \$2.0 million by March 31, 2023 and May 31, 2023, respectively, in qualifying costs related to developing the Stillwater Facility. Per the terms of the Governor’s Fund Agreement, the award is subject to repayment if the Company does not comply with certain investment requirements and employee headcount and compensation standards.

During 2022, the Company incurred qualifying costs that exceeded the cumulative \$2.0 million threshold specified in the contract. The total award of \$1.2 million was requested and received by the Company on April 6, 2022 and was recorded as deferred grant income at the time, which will be recognized over the useful life of the related assets once placed in service.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Jobs Program

In 2022, the Company was accepted for the Oklahoma Quality Jobs Program (“Jobs Program”), an incentive that provides qualifying companies quarterly cash rebates of up to 5.0% of the wages paid for new direct jobs created by the Company for a period of up to 10 years, with a maximum payout of approximately \$2.8 million, subject to the Company fulfilling certain obligations pursuant to an agreement between USA Rare Earth Magnets, LLC, a subsidiary of the Company, and the State of Oklahoma, dated December 19, 2022 (the “Jobs Program Agreement”), including that the Company must meet or exceed applicable payroll and employee headcount requirements and that the Company maintain operations in Oklahoma for a specified period. The Company is eligible to make claims under the Jobs Program; however, as of June 30, 2025, no claims have been submitted and the Company has not yet recognized any reductions in payroll expense related to the Jobs Program. The Company is expecting to apply for claims by the end of 2025 for eligible quarters, as terms of the Jobs Program Agreement require that the first claim be made on or prior to January 1, 2026.

Note 14. Income Taxes

The Company is subject to taxation in the U.S. and various state jurisdictions. The Company’s effective tax rate of zero percent is calculated quarterly based upon current assumptions relating to the full year’s estimated operating results and various tax-related items. Each quarter, an estimate of the annual effective tax rate is updated should the Company revise its forecast of earnings based upon its operating results. If there is a change in the estimated effective annual tax rate, a cumulative adjustment is made.

The difference between the effective tax rate of zero percent and the U.S. federal statutory rate of 21.0% for the three and six months ended June 30, 2025 and 2024 was due to changes in the valuation allowance, which entirely offsets the Company’s net deferred tax assets. As of June 30, 2025, the Company determined that, based on an evaluation of the Company’s history of net losses and all available evidence, both positive and negative, including the Company’s latest forecasts and cumulative losses in recent years, it was more likely than not that none or substantially none of the Company’s deferred tax assets would be realized and, therefore, the Company continued to record a valuation allowance.

USA Rare Earth, Inc.
Notes to Condensed Consolidated Financial Statements(Unaudited)

Note 15. Net Loss per Share

The following table sets forth the computation of the numerator and denominator for net loss per share attributable to holders of Common Stock.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(In thousands, except for per share amounts)</i>				
Numerator				
Net loss attributable to common stockholders	\$ (142,506)	\$ (2,597)	\$ (90,674)	\$ (7,069)
Denominator				
Weighted average shares outstanding - basic	92,769	59,425	91,598	59,319
Weighted average shares outstanding - diluted	92,769	59,425	91,598	59,319
Net loss per share attributable to common stockholders				
Basic	\$ (1.54)	\$ (0.04)	\$ (0.99)	\$ (0.12)
Diluted	\$ (1.54)	\$ (0.04)	\$ (0.99)	\$ (0.12)

The following table presents categories of shares that are excluded from the diluted per share computation as their effect would be anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(Shares in thousands)</i>				
Preferred Stock	6,595	—	6,595	—
Series A warrants	6,130	—	6,130	—
Earnout shares	10,100	—	10,100	—
Investor warrants	18,369	—	18,369	—
USARE LLC Class B Convertible warrants	—	2	—	2
Common Stock warrants	10,714	—	10,714	—
Incentive units	—	8	—	8
Total	51,908	10	51,908	10

Note 16. Segment Reporting

The Company operates in a single reportable operating segment; that segment being the vertically integrated, domestic rare earth element magnet production supply chain. The Company's chief operating decision makers review financial information on an aggregate basis for evaluating financial performance. Through December 16, 2024, the Company's Board of Managers were the chief operating decision makers. Since December 17, 2024, the Company's chief operating decision maker is its chief executive officer.

Note 17. Subsequent Events

On August 5, 2025, the Company announced that it has signed a joint development agreement ("JDA") with ePropelled, Inc. ("ePropelled"), a global leader in advanced propulsion and energy management technologies, to develop a strategic supply and purchase relationship of the Company's sintered neo magnets for use in ePropelled's state-of-the-art motors, which are used in a multitude of uncrewed air, land, and sea vehicles (commonly referred to as "drones").

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

Overview

USA Rare Earth, Inc. (“USAR”), is a company with a mission to establish a vertically integrated, domestic rare earth magnet supply chain that supports the future state of energy, mobility, and national security in the United States (“U.S.”). We are developing our Stillwater Facility, located in Stillwater, Oklahoma, and via our Round Top Project, intend to establish domestic rare earth and critical minerals supply, extraction, and processing capabilities to both supply our magnet manufacturing plant at Stillwater and market surplus materials to third parties. Rare earth magnets are critical to various business sectors and industries, including the defense, automotive, aviation, artificial intelligence (also referred to as “AI”) robotics, industrial, medical and consumer electronics industries, among others. Our vertically integrated approach – from sourcing rare earth elements (“REE”), in addition to other critical minerals such as gallium, to producing finished sintered Neodymium Iron Boron (“NdFeB” or “neo”) magnets – assists in strengthening the U.S.’s control over critical supply chains such as the supply of rare earth minerals and magnets and thus reduce domestic reliance on foreign, particularly Chinese, imports. We believe our focus on developing domestic rare earth production aligns with national priorities, offering the future potential of a sustainable and secure domestic supply of materials critical to key industries. We have been in the exploration and research stages since our formation and have not yet realized any revenues from our planned operations.

Our Business Model

We acquired the land at Stillwater, Oklahoma, and other assets that together comprises our Stillwater Facility. Our Stillwater Facility will be used to research, develop and produce neo magnets of which we are currently in the process of completing our magnet production capabilities which is necessary for the initial production of neo magnets.

We control certain mining rights to Round Top Mountain, which is located near Sierra Blanca, Texas, that contains the Round Top Mountain deposit, the mining, and the extraction of rare earth minerals which comprises our Round Top Project. We have not yet begun to extract any minerals from the Round Top Mountain deposit. The development of the Round Top Project involves a high degree of financial risk and uncertainty.

We have not yet commenced production in connection with either our Round Top Project or our Stillwater Facility and, consequently, we do not currently have any operating income or cash flows. Accordingly, we do not currently generate, nor have we realized to date, any revenues.

Recent Developments

Private Investment in Public Entity Financing

On April 29, 2025, we entered into an amended and restated securities purchase agreement with a purchaser for the private placement of (i) 8.55 million shares of our common stock, (ii) a pre-funded warrant to purchase an aggregate of 2.2 million shares of our common stock at an exercise price of \$0.0001 per share, and (iii) a warrant to purchase an aggregate of 10.7 million shares of our common stock at an exercise price of \$7.00 per share, for aggregate gross proceeds of \$75.0 million (“\$75M PIPE”). The Company intends to use the net proceeds for working capital and general corporate purposes. The \$75M PIPE offering closed on May 2, 2025. See Note 4, “Fair Value Measurements – Private Investment in Public Entity Financing” for valuation of each component under the \$75M PIPE and Note 11, “Mezzanine and Stockholders' Equity – Private Investment in Public Entity Financing” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, “Financial Statements (unaudited),” of this Quarterly Report on Form 10-Q for further discussion on the specifics of the \$75M PIPE.

Forward Purchase Agreements

On March 11, 2025, we entered into a Forward Purchase Agreement (“FPA”) with three (3) separate investors pursuant to which the investors agreed to hold up to a total of approximately 1.89 million publicly held shares of our common stock.

On various dates during the quarter ended June 30, 2025, the FPA investors exercised their rights under the FPAs and sold the entire 1.89 million FPA shares held. Upon the early termination, the FPA investors remitted cash in the amount of \$20.8 million. See Note 3, “Merger Transaction” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, “Financial Statements (unaudited),” of this Quarterly Report on Form 10-Q for further discussion on the FPA.

Investor Warrants and Series A Warrants

On various dates during the quarter ended June 30, 2025, investors exercised 0.13 million Investor warrants and 2.92 million Series A warrants for Common Stock, in which we received a cash payment of \$1.5 million and \$20.4 million, respectively.

Results of Operations

We have no operating revenues. We are dependent on equity or other external financings to fund our pursuit and development of our consolidated business plans (including magnet production at our Stillwater Facility), to fund our mineral exploration and evaluation operations, our evaluation and intended development of the Round Top Project (collectively, our “R&D” costs), selling, general and administrative (“SG&A”) costs, interest expense and other costs. As a result, we expect to incur operating losses until such time as either (i) the Stillwater Facility is fully completed and operational to the extent that it generates net profits, or (ii) an economic mineral resource is identified, developed and put into profitable commercial production at the Round Top Project.

The following table set forth our results of operations, the amount of change, and percent of change between the periods indicated. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except for percentages)</i>								
Operating expenses:								
Selling, general and administrative	\$ 6,227	\$ 1,286	\$ 4,941	380.0%	\$ 13,256	\$ 3,933	\$ 9,323	240.0 %
Research and development	2,577	1,725	852	50.0 %	4,266	3,776	490	10.0 %
Total operating expenses	<u>\$ 8,804</u>	<u>\$ 3,011</u>	<u>\$ 5,793</u>	<u>190.0 %</u>	<u>\$ 17,522</u>	<u>\$ 7,709</u>	<u>\$ 9,813</u>	<u>130.0 %</u>
Other income (expense):								
Interest and dividend	\$ 765	\$ 45	\$ 720	NM	\$ 952	\$ 154	\$ 798	NM
(Loss) gain on fair market value of financial instruments	(134,662)	229	(134,891)	NM	(74,362)	230	(74,592)	NM
Interest expense and other income (loss), net	(12)	(82)	70	(90.0)%	(99)	(166)	67	(40.0)%
Total other income (loss), net	<u>\$ (133,909)</u>	<u>\$ 192</u>	<u>\$ (134,101)</u>	<u>NM</u>	<u>\$ (73,509)</u>	<u>\$ 218</u>	<u>\$ (73,727)</u>	<u>NM</u>

NM Percent change is not meaningful

Comparison of the three months ended June 30, 2025 and 2024

Selling, general and administrative. The increase in SG&A expenses of \$4.9 million was primarily due to an increase in litigation settlement of \$1.8 million, consulting costs of \$1.2 million, legal services of \$0.6 million related to the post-merger activities, and an increase in other costs of \$1.3 million.

Research and development. The increase in R&D expenses of \$0.9 million was primarily due to an increase in consulting fees related to feasibility studies.

Other income and expense.

- **Interest and dividend income.** The increase in interest and dividend income was primarily due to higher balances in our money market funds.
- **Change in fair market value of financial instruments.** The change in fair market value of financial instruments was primarily due to the day one loss of the Common Stock component under the \$75M PIPE, and the increase in fair value of our Earnout and Series A warrant liabilities, and the fair value of the Common Stock and Prefunded warrant liabilities, resulting in a net loss on the fair market value of financial instruments.

Comparison of the six months ended June 30, 2025 and 2024

Selling, general and administrative. The increase in SG&A expenses of \$9.3 million was primarily due to an increase in merger-related transaction bonuses and other consulting costs of \$2.9 million, legal services of \$2.5 million related to the pre-merger and post-merger activities, litigation settlement of \$1.8 million, equity based compensation costs of \$0.9 million, marketing costs of \$0.8 million, and an increase in employee, recruiting costs and travel expenses of \$0.4 million.

Research and development. The increase in R&D expenses of \$0.5 million was primarily due to an increase in consulting fees related to feasibility studies and employee costs, partially offset by lower insurance and other costs.

Other income and expense.

- ***Interest and dividend income.*** The increase in interest and dividend income was primarily due to higher balances in our money market funds.
- ***Change in fair market value of financial instruments.*** The change in fair market value of financial instruments was primarily due to the day one loss of the Common Stock component under the \$75M PIPE, and the increase in fair value of our Series A warrant liability.

Liquidity and Capital Resources

Sources and Uses of Liquidity

Our Condensed Consolidated Financial Statements have been prepared contemplating the continuation of the Company as a going concern and the continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon our ability to continue as a going concern. While our management believes in the viability of its strategy to generate future revenues, control costs and the ability to raise additional funds, our strategy may not be successful. Our Condensed Consolidated Financial Statements do not include any adjustments that might be necessary were we unable to continue as a going concern. If the going concern basis was not appropriate for the Condensed Consolidated Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

We have generated no revenues since inception, continue to incur losses from operations, and have an accumulated deficit. Although there is sufficient cash to cover our operating needs for the next 12 months, in order to achieve our current plan to manufacture and sell commercial products, we are dependent upon our ability to raise additional capital and to control operating expenses.

For the six months ended June 30, 2025, we had a net loss of \$91.0 million, which included a non-cash fair value loss on financial instruments of \$74.4 million. For the six months ended June 30, 2025, net cash used in operating activities was \$18.2 million.

We consider cash equivalents to be highly liquid investments purchased with original maturities of three months or less. As of June 30, 2025, we had \$121.8 million in cash and cash equivalents. In addition, during the three and six months ended June 30, 2025, investors exercised 0.13 million Common Stock Warrants and 2.92 million Series A Investor Warrants, of which the Company received cash of \$1.5 million and \$20.4 million, respectively, and for the six months ended June 30, 2025, we recognized interest and dividend income of approximately \$1.0 million. Although we had sufficient cash on our balance sheet and sufficient flow of cash from the \$75M PIPE financing, exercise of warrants, and interest income on our cash balances to handle our operations over the next 12 months, we will still need to raise additional capital to implement our current strategic plan and to purchase raw material inventory to achieve our revenue projections and positive cash flows.

Based on our need to raise additional capital, as well as milestones required for our current strategic plan to generate sustainable commercial revenues, there is substantial doubt regarding our ability to continue as a going concern for the twelve months following the issuance of these Condensed Consolidated Financial Statements.

Cash Flows

	Six Months Ended June 30,		Change
	2025	2024	
	(In thousands)		
Net cash used in operating activities	\$ (18,238)	\$ (8,277)	\$ (9,961)
Net cash used in investing activities	(6,297)	(1,055)	(5,242)
Net cash provided by (used in) financing activities	129,565	(572)	130,137

Operating Activities. The \$10.0 million increase in net cash used in operating activities, as compared to the comparable period of the prior year, was primarily due to an increase of \$5.7 million net loss adjusted for non-cash items, such as the non-cash loss of \$74.6 million related to the day one loss under the valuation of the \$75M PIPE, the change in fair value of outstanding financial instruments, and a non-cash litigation settlement of approximately \$1.7 million, and an increase in cash used for accounts payable and prepaid insurance.

Investing Activities. The \$5.2 million increase in cash used in investing activities, as compared to the comparable period of the prior year, was primarily due to additional investments made for property, plant and equipment as we execute our strategic business plan and continue to build the manufacturing process at our Stillwater Facility.

Financing Activities. The \$130.1 million increase in cash provided by financing activities, as compared to the comparable period of the prior year, is primarily due to the \$75M PIPE financing activities, contributions from the Merger, and exercises of warrants. See Note 3, "Merger Transaction" of the notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q, for further discussion of amounts received from financing activities and Merger transactions.

Off-Balance Sheet Arrangements

Other than as otherwise described in this Form 10-Q, we do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Risks and Uncertainties Associated with Future Results of Operations

We operate in two industries that are both subject to intense competition, development risk, and changes in U.S. governmental policies related to green energy, defense spending and dependence on foreign suppliers. Our operations are subject to significant risks and uncertainties including financial and operational risks, as well as the potential risk of business failure.

The magnet technology industry is still in its infancy in the U.S., and thus the technology, processes, and capabilities are still being developed. The magnet facility requires substantial capital commitment to complete and there may be unanticipated costs or delays associated with the construction. Our plan for producing magnets are based on certain estimates and assumptions we have made about our business over the next few years, including the ability to obtain the equipment and materials needed to produce magnets on a timely basis from third party vendors. Due to rapidly rising demand, there is also a risk that substitute products will become available and reduce the need for our type of high-performance magnet.

We have not yet established that the Round Top Mountain deposit contains any commercially exploitable quantities of proven and probable mineral reserves, and we may not be able to do so. Even if the Company does eventually establish commercially exploitable quantities of mineral reserves, the Round Top Mountain deposit may not be developed into a producing mine and the Company may not be able to extract those minerals economically. Both mineral exploration and development involve a high degree of risk, and few properties that are explored are ultimately developed into producing mines. The commercial viability of an established mineral deposit will depend on several factors including the size, grade, and other attributes of the mineral deposit, as well as proximity of the deposit to infrastructure, government regulation, and market prices, among other things. Most of these factors will be beyond the Company's control, and any of them could increase costs and make extraction of any identified mineral deposit unprofitable.

Critical Accounting Policies and Estimates

We consider Fair Value, Long-Lived Assets and Equity-based Compensation the most critical accounting policies to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. We also consider our Going Concern assessment to be subject to critical accounting estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

See Note 1, “Organization” and Note 2, “Summary of Significant Accounting Policies” of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for a discussion of our going concern assessment and a description of our critical and other significant accounting policies, respectively.

Recently Adopted Accounting Standards

See Note 2, “Summary of Significant Accounting Policies” of the Notes to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Emerging Growth Company Status

Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult.

We expect to retain our emerging growth company status until the earliest of:

- The end of the fiscal year in which our annual revenues exceed \$1.235 billion;
- The end of the fiscal year in which the fifth anniversary of our public company registration has occurred;
- The date on which we have issued more than \$1.0 billion in non-convertible debt during the previous three-year period; or
- The date on which we qualify as a large accelerated filer.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for “smaller reporting companies”.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined under Rules 13a-15(e) of the Exchange Act. Our disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) as of June 30, 2025. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that objectives of the control system will be attained.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required with respect to this item can be found in Note 8, “Commitments and Contingencies—Litigation” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, “Financial Statements (unaudited),” of this Quarterly Report on Form 10-Q and is incorporated by reference into this Item 1.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our 2024 Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on March 31, 2025, as supplemented by the risk factors described in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, filed with the SEC on May 15, 2025.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our 2024 Annual Report on Form 10-K and as supplemented by the risk factors described in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Adoption of Severance Plan

On August 11, 2025, the Board of Directors (the “Board”) of the Company and the Compensation Committee of the Board (the “Compensation Committee”) approved the USA Rare Earth, Inc. Severance and Change of Control Protection Plan (the “Severance Plan”), pursuant to which the Company’s executive officers and certain senior management employees, as determined by the Compensation Committee (the “Eligible Participants”) may be eligible for certain severance benefits. Pursuant to the Severance Plan, in the event that an Eligible Participant’s employment is terminated by the Company without cause or the Eligible Participant resigns for good reason in each case, not in connection with a change in control (all as defined in the Severance Plan) and subject to the effectiveness of a separation agreement including a general release of claims, the Eligible Participant is entitled to the following: (i) for the CEO, 12 months of base salary and 12 months of COBRA coverage and (ii) for all other Eligible Participants 6 months of base salary and 6 months of COBRA coverage, and for both the CEO and other Eligible Participants, acceleration of the next tranche of outstanding equity awards at the time of termination, with performance awards vesting based on target performance.

Pursuant to the Severance Plan, in the event that an Eligible Participant's employment is terminated by the Company without cause or the Eligible Participant resigns for good reason in each case, in connection with a change in control and subject to the effectiveness of a separation agreement including a general release of claims, the Eligible Participant is entitled to the following: (i) for the CEO, 1.5 times the sum of his annual base salary and target bonus, 18 months of COBRA coverage, and (ii) for all other Eligible Participants 1 times the sum of their annual base salary and target bonus, 12 months of COBRA coverage, and for both the CEO and other Eligible Participants, acceleration of outstanding equity awards at the time of termination, with performance awards vesting based on target performance, and six months of outplacement services.

The foregoing description of the Severance Plan does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text thereof, a copy of which is filed as Exhibit 10.3 to this Quarterly Report on Form 10-Q.

Founder and Annual Equity Grants

On August 11, 2025, the Board and Compensation Committee approved grants of certain time-based vesting equity awards in the form of restricted stock units ("RSUs") to the Company's executive officers among others in order to enable the Company to retain and reward such individuals for their efforts that will support the sustained progress and growth of the Company. For the Company's named executive officers, effective as of the first day of the open trading window, the Chief Executive Officer, Joshua Ballard, was awarded 90,992 RSUs vesting ratably over a two-year period and 181,984 RSUs vesting ratably over a three-year period; the Chief Financial Officer, William Robert Steele Jr., was awarded 90,992 RSUs vesting ratably over a two-year period and 90,992 RSUs vesting ratably over a three-year period; and the Company's Chief Legal Officer, David Kronenfeld, was awarded 27,298 RSUs vesting ratably over a two-year period, 40,947 RSUs vesting ratably over a three-year period, and 18,199 RSUs vesting in May 2026.

Rule 10b5-1 Trading Arrangements

During the quarter ended June 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Certificate of Incorporation of USA Rare Earth, Inc.	8-K	001-41711	3.2	3/19/2025
3.2	USA Rare Earth, Inc. Certificate of Designation of Preferences, Rights and Limitations of 12.0% Series A Cumulative Convertible Preferred Stock.	8-K	001-41711	3.4	3/19/2025
3.3	Certificate of Amendment, dated May 1, 2025, to USA Rare Earth, Inc. Certificate of Designation of Preferences, Rights and Limitations of 12.0% Series A Cumulative Convertible Preferred Stock.	8-K	001-41711	3.2	5/5/2025
4.1	Form of Warrant issued to each Series A Investor.	8-K	001-41711	4.4	3/19/2025
4.2	Form of Warrant issued to PIPE Investors.	10-Q	001-41711	4.2	5/15/2025
4.3	Form of Waiver to Warrants issued to Series A Investors and PIPE Investors.	8-K	001-41711	4.5	5/5/2025
4.4	Common Stock Purchase Warrant, dated May 2, 2025	8-K	001-41711	4.1	5/5/2025
4.5	Pre-Funded Common Stock Purchase Warrant, dated May 2, 2025	8-K	001-41711	4.2	5/5/2025
10.1	Amended and Restated Securities Purchase Agreement, dated as of April 29, 2025, by and between USA Rare Earth, Inc. and the investor named therein.	8-K	001-41711	10.1	5/5/2025
10.2	Registration Rights Agreement, dated as of May 2, 2025, by and between USA Rare Earth, Inc. and the investor named therein.	8-K	001-41711	10.5	5/5/2025
10.3*	Severance and Change of Control Protection Plan				
10.4*	Form of RSU Agreement for Officers and Employees				
10.5*	Form of RSU Agreement for Certain Officers and Employees				
10.6*	Form of RSU Agreement for Directors				
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part I, "Financial Information" of this Quarterly Report on Form 10-Q.				
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.				

* Filed herewith.

** The certification furnished in Exhibit 32.1 is not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

USA Rare Earth, Inc.

Date: August 11, 2025

By: /s/ JOSHUA BALLARD
Joshua Ballard
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2025

By: /s/ WILLIAM ROBERT STEELE JR.
William Robert Steele Jr.
Chief Financial Officer
(Principal Financial and Accounting Officer)

USA RARE EARTH, INC.
SEVERANCE AND CHANGE OF CONTROL PROTECTION PLAN

1. ESTABLISHMENT; PURPOSE

(a) **Establishment.** USA Rare Earth, Inc. (the “Company”) hereby establishes this USA Rare Earth, Inc. Severance and Change of Control Protection Plan (the “Plan”).

(b) **Purpose.** The purpose of the Plan is to provide the Chief Executive Officer and certain other executives of the Company designated in writing by the Administrator (each such individual, a “Participant”) with severance benefits as provided for herein upon certain terminations of employment, including in connection with a Covered Transaction (as defined below). The Plan is not intended to constitute an “employee pension benefit plan” within the meaning of Section 3 of ERISA and the corresponding Department of Labor regulations and other guidance.

2. DEFINITIONS

For purposes of the Plan, the following terms have the meanings set forth below:

(a) “Accrued Obligations” means, with respect to a Participant: (i) accrued but unpaid base salary through the Date of Termination, which shall be paid within the time required by applicable law, but no later than thirty (30) days following the Date of Termination; (ii) earned but unpaid annual bonus amount for any year prior to the year in which the Date of Termination occurs; (iii) reimbursement for all incurred but unreimbursed expenses for which a Participant is entitled to reimbursement in accordance with the expense reimbursement policies of the Company in effect as of the Date of Termination; (iv) vested benefits to which a Participant may be entitled pursuant to the terms of any plan or policy sponsored by any member of the Company Group as in effect from time to time; and (v) any other amounts required by applicable law.

(b) “Administrator” means the Board or any committee thereof to which the Board delegates its duties hereunder.

(c) “Base Salary” means a Participant’s base salary, prior to any reduction giving rise to Good Reason and excluding any bonus pay, premium or overtime pay, commissions or other additional compensation, as in effect on the Date of Termination

(d) “Board” means the Board of Directors of USA Rare Earth, Inc.

(e) “Cause” means: (i) in the case of any Participant who is party to an employment agreement, change of control, severance-benefit or similar agreement that contains a definition of “Cause,” the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect, and (ii) in every other case, “Cause” means, as determined by the Administrator, termination of a Participant’s employment or other service because of: (A) the Participant’s being charged with a felony (or similar crime in a foreign jurisdiction) or crime of dishonesty or moral turpitude, (B) insubordination, gross negligence or willful misconduct in the performance of the Participant’s duties, (C) illegal use of controlled substances during the performance of the Participant’s duties or that adversely affects the reputation or best interests of the Company or any of its subsidiaries, (D) the Participant’s commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or a material act of dishonesty against the Company or any of its subsidiaries, (E) material breach by the Participant of any written employment, non-competition, non-solicitation, confidentiality or similar agreement with the Company or any of its subsidiaries, (F) the Participant’s material noncompliance with Company policy or code of conduct, (G) the Participant’s persistent neglect of duty or chronic unapproved absenteeism, (H) the Participant’s willful and deliberate failure in the performance of the Participant’s duties in any material respect, in each case, as determined in good faith by the Compensation Committee in its sole discretion, or (I) any other conduct by a Participant that could be expected to be harmful to the business, interests or reputation of the Company or any of its subsidiaries.

(f) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(g) “COBRA Coverage” means, if the Participant is eligible for, timely elects and remains eligible for continuation coverage under COBRA, payment of the Company’s portion (as in effect from time to time for similarly situated active employees of the Company) of the premium for such coverage for the Participant (and, if applicable, the Participant’s dependents) for the COBRA Period, subject to any applicable tax withholdings.

(h) “COBRA Period” means, subject to the terms of Section 4 or Section 5, as applicable, a Participant’s period of COBRA Coverage, as set forth in the table in Section 4(a) or Section 5(a), as applicable.

(i) “Code” means the Internal Revenue Code of 1986, as amended, and applicable administrative guidance issued thereunder.

(j) “Company Group” means the Company and/or any entity controlled by, controlling, or under common control with, the Company, as applicable.

(k) “Covered Transaction” means any of the following:

(i) The consummation of a reorganization, merger, share exchange or consolidation of the Company, or sale of all or substantially all of the assets of the Company, other than: (A) a reorganization, merger, share exchange or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such reorganization, merger, share exchange or consolidation; or (B) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no entity or person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), of securities representing more than the amounts set forth in (ii) below;

(ii) Acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Exchange Act), in the aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company’s issued and outstanding voting securities by any entity or person (other than the Company or any of its subsidiaries, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Stock) acting in concert; or

(iii) During any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(l) “Covered Transaction Protection Period” means the period (i) commencing on the date that a definitive agreement is entered into where the consummation of the transaction(s) contemplated by such agreement would constitute a Covered Transaction and (ii) ending eighteen (18) months after the consummation of such Covered Transaction.

(m) “Date of Termination” means the effective date of the termination of the Participant’s employment with the Company Group, as applicable, such that the Participant is no longer employed by any member of the Company Group; provided, however, that in all events, a “Date of Termination” shall only occur upon the Participant’s “separation from service” as defined within Section 409A.

(n) “Good Reason” means, (i) in the case of any Participant who is party to an employment agreement, change of control, severance-benefit or similar agreement that contains a definition of “Good Reason,” the definition set forth in such agreement applies with respect to such Participant for purposes of the Plan for so long as such agreement is in effect, and (ii) in every other case, “Good Reason” means, without a Participant’s consent: (A) the relocation of such Participant’s principal place of employment by more than fifty (50) miles from the location of such Participant’s principal place of employment immediately prior to such relocation, (B) a material reduction in such Participant’s annual base salary or target bonus opportunity, in each case from the amount in effect immediately prior to such reduction, provided, that a reduction in Participant’s annual base salary, target bonus opportunity or incentive compensation opportunity that applies uniformly to similarly situated executives of the Company shall not constitute “Good Reason,” or (C) a material diminution of the Participant’s authorities, duties or responsibilities. Notwithstanding the foregoing provisions of this definition to the contrary, any assertion by such Participant of a termination for Good Reason shall not be effective unless all of the following conditions are satisfied: (x) such Participant must provide written notice to the Company of the existence of such condition(s) within thirty (30) calendar days after the initial occurrence of such condition(s); (y) the condition(s) specified in such notice must remain uncorrected for thirty (30) calendar days following the Company’s receipt of such written notice; and (z) the date of such Participant’s termination of employment must occur within ninety (90) calendar days after the initial occurrence of the condition(s) specified in such notice. Notwithstanding the foregoing, in the event that a Participant is employed by, or provides services to, the Company Group under an effective employment, consulting or similar agreement on the date such Participant’s employment or service thereunder is terminated and such employment or consulting agreement contains a different definition of “Good Reason” (or words of like import), the definition of “Good Reason” contained in such agreement shall be substituted for the foregoing definition.

(o) “Release Conditions” means the Participant’s (or, following the Participant’s death, the Participant’s estate’s) (i) execution and delivery to the Company on or prior to the Release Expiration Date of a release of claims agreement in a form acceptable to the Company (the “Release”), which Release shall be in a form substantially similar to that contained at Exhibit A (as may be revised to reflect any changes in applicable law, the circumstances of a Participant’s separation, and the timing of payments), and which Release shall be provided by the Company to the Participant within seven (7) days of any Date of Termination), and, (ii) where applicable, the Participant’s (or the Participant’s estate’s) non-revocation of such Release in the time set forth within the Release to do so.

(p) “Release Expiration Date” is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to the Participant or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967) and the Participant is age forty (40) or over on the Date of Termination, the date that is forty-five (45) days following such delivery date.

(q) “Restrictive Covenant Conditions” means the Participant’s continued compliance with any confidentiality, non-solicitation, non-competition, non-disparagement, non-hire or similar covenants to which a Participant is subject pursuant to any written agreement with any entity in the Company Group (if any).

(r) “Section 409A” means Section 409A of the Code and any regulations or other formal guidance promulgated thereunder.

(s) “Severance” means the severance pay (not including COBRA Coverage) to which a Participant is entitled pursuant to Section 4(a) or Section 5(a), as applicable (assuming that all conditions necessary to qualify for such severance pay have been satisfied).

(t) “Target Bonus” means a Participant’s target annual bonus for the calendar year in which the Date of Termination occurs, prior to any reduction giving rise to Good Reason.

3. PARTICIPATION

(a) **Eligibility for Benefits**. Each Participant shall be eligible for severance benefits under Section 4 or Section 5, as applicable, as set forth therein.

(b) **Duration of Participation**. A Participant shall cease to be a Participant in the Plan if the Participant ceases to be employed by the Company Group, unless such Participant is, as of such cessation of employment, then entitled to a severance benefit (subject to satisfaction of the Release Conditions and Restrictive Covenant Conditions) as provided in Section 4(a) or Section 5(a) of the Plan, as applicable. Further, participation in the Plan is subject to the unilateral right of the Administrator to terminate or amend the Plan in whole or in part as provided in Section 16 of the Plan. Notwithstanding anything herein to the contrary, a Participant who is entitled to a severance benefit as provided in Section 4(a) or Section 5(a) of the Plan, as applicable, due to a qualifying termination of employment having occurred prior to the termination or amendment of the Plan shall remain a Participant in the Plan until the first to occur of: (i) the amounts and benefits payable under the Plan have been paid or provided to the Participant in full, or (ii) such Participant has failed to satisfy the Release Conditions after having the full opportunity to do so, as set forth herein. Any severance benefits to be provided to a Participant under the Plan are subject to all of the terms and conditions of the Plan.

(c) **No Employment Rights**. Participation in the Plan does not alter the status of a Participant as an at-will employee, and nothing in the Plan will limit or affect in any manner the right of the Company Group to terminate the employment or adjust the compensation of a Participant at any time and for any reason (with or without Cause).

4. SEVERANCE BENEFITS GENERALLY

(a) **Termination Without Cause or For Good Reason**. Subject to Section 5, if the Participant’s employment is terminated by a member of the Company Group without Cause or by the Participant for Good Reason (such that the Participant is no longer employed by any member of the Company Group or any such member’s successor), at any time, then the Participant shall be entitled to receive the Accrued Obligations, and so long as (and only if) Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, then the Company shall:

(i) Pay or provide the Participant with the following severance payments and benefits, depending on the Participant’s tier:

Tier	Severance	COBRA Period
Tier 1: CEO	1.0 times Base Salary	12 months of COBRA Coverage
Tier 2: Other Executives	0.5 times Base Salary	6 months of COBRA Coverage

(ii) Subject to the Participant having been employed by a member of the Company Group for a period of at least one (1) year, with respect to all equity and equity-based awards of the Company granted to the Participant which are unvested as of the Date of Termination, cause the next tranche of such equity or equity-based to become vested within sixty (60) days day following the Participant's Date of Termination and paid or settled pursuant to the terms and conditions of the governing documents of such awards, with equity or equity-based awards which vest based on performance to be vested based on target performance as provided for in each such award.

(b) **Timing of Severance Payments.** Subject to the Participant's satisfaction of the Release Conditions and the Restrictive Covenant Conditions and so long as (and only if) the Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, the Severance shall be paid to the Participant in a lump sum within sixty (60) days day following the Participant's Date of Termination; provided, however, that if such sixty (60)-day period straddles two calendar years, the Severance shall be paid as soon as practicable in the second of the two calendar years. If the Release has not been executed and delivered by the Release Expiration Date and become irrevocable on or before the end of such sixty (60) day period, no Severance shall be or become payable.

(c) **Timing of Payment of COBRA Benefit.**

(i) Subject to the Participant's satisfaction of the Release Conditions and the Restrictive Covenant Conditions and so long as (and only if) the Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, then the Company shall pay the Participant's COBRA Coverage on a monthly basis for the COBRA Period; provided, however, that a Participant shall only be eligible to receive such COBRA Coverage until the earliest of: (A) the last day of the applicable COBRA Period; (B) the date the Participant is no longer eligible to receive COBRA continuation coverage; and (C) the date on which the Participant begins employment with another company or business entity which provides comparable health insurance coverage to the Participant. The Participant will promptly notify the Company of any circumstances or events that would be necessary for the Company to fulfill (or cease) its payment obligations pursuant to this Section 4(c)(i).

(ii) Each monthly payment of the COBRA Coverage shall be paid directly to the health plan providers on behalf of the Participant.

(iii) Notwithstanding anything to the contrary, if the Company determines that the COBRA Coverage cannot be provided in the manner described herein without penalty, tax or other adverse impact on the Company, then the Company shall pay directly to the Participant a taxable lump-sum cash amount equal to the then-unpaid amount of COBRA Coverage on the first payroll date on or next following the date such determination is made.

5. SEVERANCE BENEFITS DURING COVERED TRANSACTION PROTECTION PERIOD

(a) **Termination Without Cause or For Good Reason.** If the Participant's employment is terminated by a member of the Company Group without Cause or by the Participant for Good Reason (such that the Participant is no longer employed by any member of the Company Group or any such member's successor), at any time during the Covered Transaction Protection Period, then the Participant shall be entitled to receive the Accrued Obligations, and so long as (and only if) Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, then the Company shall:

(i) Pay or provide the Participant with the following severance payments and benefits, depending on the Participant's tier:

Tier	Severance	COBRA Period
Tier 1: CEO	1.5 times sum of (i) Base Salary <i>plus</i> (ii) Target Bonus	18 months of COBRA Coverage
Tier 2: Other Executives	1.0 times sum of (i) Base Salary <i>plus</i> (ii) Target Bonus	12 months of COBRA Coverage

(ii) Cause all equity and equity-based awards of the Company granted to the Participant which are unvested as of the Date of Termination to become vested in full within sixty (60) days day following the Participant's Date of Termination and paid or settled pursuant to the terms and conditions of the governing documents of such awards, with equity or equity-based awards which vest based on performance becoming vested at target performance as provided for in each such award; and

(iii) Arrange for the Participant to receive outplacement services for a period of six (6) months, to be commenced within three (3) months following the Participant's Date of Termination, subject to a maximum amount equal to ten percent (10%) of the Participant's Base Salary. For the avoidance of doubt, no cash shall be paid in lieu of such services.

(b) **Timing of Severance Payment.** Subject to the Participant's satisfaction of the Release Conditions and the Restrictive Covenant Conditions and so long as (and only if) the Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, the Severance shall be paid to the Participant in a lump sum as soon as administratively practicable and in all cases within sixty (60) days day following the Participant's Date of Termination; provided, however, that if such sixty (60)-day period straddles two calendar years, the Severance shall be paid as soon as practicable in the second of the two calendar years. If the Release has not been executed and delivered by the Release Expiration Date and become irrevocable on or before the end of such sixty (60) day period, no Severance shall be or become payable.

(c) **Timing of Payment of COBRA Benefit.**

(i) Subject to the Participant's satisfaction of the Release Conditions and the Restrictive Covenant Conditions and so long as (and only if) the Participant satisfies the Release Conditions and the Restrictive Covenant Conditions, then the Company shall pay the Participant's COBRA Coverage on a monthly basis for the COBRA Period; provided, however, that a Participant shall only be eligible to receive such COBRA Coverage until the earliest of: (A) the last day of the applicable COBRA Period; (B) the date the Participant is no longer eligible to receive COBRA continuation coverage; and (C) the date on which the Participant begins employment with another company or business entity which provides comparable health insurance coverage to the Participant. The Participant will promptly notify the Company of any circumstances or events that would be necessary for the Company to fulfill (or cease) its payment obligations pursuant to this Section 4(c)(i).

(ii) Each monthly payment of the COBRA Coverage shall be paid directly to the health plan providers on behalf of the Participant.

(iii) Notwithstanding anything to the contrary, if the Company determines that the COBRA Coverage cannot be provided in the manner described herein without penalty, tax or other adverse impact on the Company, then the Company shall pay directly to the Participant a taxable lump-sum cash amount equal to the then-unpaid amount of COBRA Coverage on the first payroll date on or next following the date such determination is made.

6. NO MITIGATION

In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of the Plan and such amounts shall not be reduced whether or not the Participant obtains other employment.

7. EFFECT ON OTHER PLANS, AGREEMENTS AND BENEFITS

(a) **Relation to Other Benefits.** Unless otherwise provided herein, nothing in the Plan shall prevent or limit a Participant's continuing or future participation in any plan, program, policy or practice provided by the Company Group for which the Participant may qualify, nor, except as explicitly set forth in the Plan, shall anything herein limit or otherwise affect such rights a Participant may have under any other contract or agreement with the Company Group. Any economic or other benefit to a Participant under the Plan will not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement, workers compensation or other benefit or compensation plan maintained by the Company Group (except to the extent provided otherwise in any such plan with respect to Accrued Benefits).

(b) **Non-Duplication.** Notwithstanding anything to the contrary, and except as specifically provided below, any severance benefits received by a Participant pursuant to the Plan shall be in lieu of any general severance policy or other severance plan maintained by the Company Group (other than a stock option, restricted stock, share or unit, performance share or unit, long-term transition incentive award, supplemental retirement, deferred compensation or similar plan or agreement which may contain provisions operative on a termination of the Participant's employment or may incidentally refer to accelerated vesting or accelerated payment upon a termination of employment). Further, as a condition of participating in the Plan, each Participant who is a party to an employment agreement or offer letter with the Company Group or is otherwise eligible to participate in any program, practice or policy sponsored by the Company Group that would otherwise provide for severance benefits acknowledges and agrees that the severance benefits payable under the Plan shall be in lieu of and in full substitution for (and not in addition or duplication of), any right to severance benefits under any such employment agreement or offer letter with the Company Group or other program, practice or policy sponsored by the Company Group. To the extent a Participant is entitled to any severance payments and/or benefits for a qualifying termination occurring outside of the Covered Transaction Protection Period pursuant any other severance plan maintained by the Company Group, (i) such Participant shall not be entitled to receive severance payments under both the Plan and such other severance plan for the same termination occurring outside of the Covered Transaction Protection Period, and (ii) such Participant shall only be entitled to the higher severance payments provided under Section 4(a) or Section 5(a) of the Plan, as applicable, and such other severance plan.

(c) **Certain Tax Matters.** Notwithstanding anything to the contrary in this Plan, if the Participant is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Plan, together with any other payments and benefits which the Participant has the right to receive from the Company Group, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Plan shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by the Participant from the Company Group shall be one dollar (\$1.00) less than three times the Participant's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by the Participant shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to the Participant (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company Group used in determining if a "parachute payment" exists, exceeds one dollar (\$1.00) less than three times the Participant's base amount, then the Participant shall immediately repay such excess to Company upon notification that an overpayment has been made. Nothing in this Section 7(c) shall require the Company to be responsible for, or have any liability or obligation with respect to, the Participant's excise tax liabilities under Section 4999 of the Code.

8. ADMINISTRATION

The Administrator shall have complete discretion to interpret where necessary all provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to make factual findings with respect to any issue arising under the Plan, to determine the rights and status under the Plan of Participants or other persons, to resolve questions (including factual questions) or disputes arising under the Plan and to make any determinations with respect to the benefits payable under the Plan and the persons entitled thereto as may be necessary for the purposes of the Plan. Without limiting the generality of the foregoing, the Administrator is hereby granted the authority to (a) determine if an individual is a Participant, (b) determine if a Participant is entitled to benefits hereunder and, if so, the amount and duration of such benefits and (c) determine a Participant's tier for benefits hereunder. The Administrator may delegate, subject to such terms as the Administrator shall determine, any of its authority hereunder to one or more officers of the Company. In the event of such delegation, all references to the Administrator in the Plan shall be deemed references to such delegates as it relates to those aspects of the Plan that have been delegated. The Administrator's determination of the rights of any person hereunder shall be final and binding on all persons.

9. CLAIMS FOR BENEFITS

(a) **Filing a Claim.** Any Participant or beneficiary who wishes to file a claim for benefits under the Plan must file his or her claim in writing with the Administrator.

(b) **Review of a Claim.** The Administrator shall, within ninety (90) calendar days after receipt of such written claim (unless special circumstances require an extension of time, but in no event more than one hundred eighty (180) calendar days after such receipt), send a written notification to the Participant or beneficiary as to its disposition. If the claim is wholly or partially denied, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to pertinent Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Participant or beneficiary to perfect the claim and an explanation of why such material or information is necessary and (iv) set forth the procedure by which the Participant or beneficiary may appeal the denial of his or her claim, including, without limitation, a statement of the claimant's right to bring an action under Section 502(a) of ERISA following an adverse determination on appeal.

(c) **Appeal of a Denied Claim.** If a Participant or beneficiary wishes to appeal the denial of his or her claim, he or she must request a review of such denial by making application in writing to the Administrator within sixty (60) calendar days after receipt of such denial. Such Participant or beneficiary (or his or her duly authorized legal representative) may, upon written request to the Administrator, review any documents pertinent to his or her claim and submit in writing, issues and comments in support of his or her position. A Participant or beneficiary who fails to file an appeal within the sixty (60)-day period set forth in this Section 9(c) shall be prohibited from doing so at a later date or from bringing an action under ERISA.

(d) **Review of a Claim on Appeal.** Within sixty (60) calendar days after receipt of a written appeal (unless the Administrator determines that special circumstances, such as the need to hold a hearing, require an extension of time, but in no event more than one hundred twenty (120) calendar days after such receipt), the Administrator shall notify the Participant or beneficiary of the final decision. The final decision shall be in writing and shall include (i) specific reasons for the decision, written in a manner calculated to be understood by the claimant, (ii) specific references to the pertinent Plan provisions on which the decision is based, (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents relevant to the claim for benefits and (iv) a statement describing the claimant's right to bring an action under Section 502(a) of ERISA.

10. PARTICIPANTS DEEMED TO ACCEPT PLAN

By accepting any payment or benefit under the Plan, each Participant and each person claiming under or through any such Participant shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Administrator, the Company Group, in any case in accordance with the terms and conditions of the Plan.

11. SUCCESSORS

(a) **Company Successors.** The Plan shall bind any successor of the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under the Plan if no succession had taken place.

(b) **Participant Successors.** The rights of a Participant to receive any benefits hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by his or her will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 11(b), the Company shall have no liability or obligation to pay any amount so attempted to be assigned, transferred or delegated.

12. UNFUNDED STATUS

All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan.

13. WITHHOLDING

The Company Group may withhold from any amounts payable under the Plan all federal, state, city or other taxes as the Company Group are required to withhold pursuant to any law or government regulation or ruling.

14. NO IMPACT ON OTHER BENEFITS

The value of the benefits provided hereunder are not part of the Participant's normal or expected compensation for purposes of calculating any retirement, welfare, insurance, or similar employee benefit.

15. CLAWBACK

Notwithstanding any provision in this Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all payments hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

16. NOTICES

Any notice provided for in the Plan shall be in writing and shall be either personally delivered, sent by reputable overnight carrier or mailed by first class mail, return receipt requested, to the recipient. Notices to Participant shall be sent to the address of Participant most recently provided to the Company. Notices to the Company should be sent to:

USA Rare Earth, Inc.
100 W Airport Road
Stillwater, Oklahoma 74075
Attn: Chief Legal Officer and Head of Human Resources

Notice and communications shall be effective on the date of delivery, if delivered by hand, on the first (1st) business day following the date of dispatch if delivered utilizing overnight courier, or three (3) business days after having been mailed, if sent by first class mail.

17. AMENDMENTS; TERMINATION

The Administrator expressly reserves the universal right to amend, modify, terminate or discontinue the Plan at any time, provided, however, (a) if definitive agreement has been entered into where the consummation of the transaction(s) contemplated by such agreement would constitute a Covered Transaction, the Plan may not be terminated until the day following the one (1) year anniversary of the consummation of such Covered Transaction, and (b) that no amendment or termination of, or discontinuance of participation in, the Plan will decrease the amount of any severance pay or benefits earned but not yet fully paid to a Participant prior to the date of such amendment or termination without the written consent of the Participant.

18. GOVERNING LAW

This Plan shall in all respects be construed according to the laws of the State of Oklahoma without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction; provided, however, if federal law (including ERISA) preempts the application of the law of the State of Oklahoma, then such applicable federal law shall apply. With respect to any claim or dispute related to or arising under this Plan, the Parties hereby recognize and agree that should any resort to a court be necessary and permitted under this Plan, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in or near Stillwater, Oklahoma. WITH RESPECT TO ANY CLAIM OR DISPUTE RELATED TO OR ARISING OUT OF THIS PLAN, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHTS TO A JURY TRIAL.

19. SEVERABILITY

Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but the Plan shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

20. HEADINGS

Headings in the Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

21. SECTION 409A

Notwithstanding any provision of this Plan to the contrary, all provisions of this Plan are intended to comply with Section 409A or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Plan that may be excluded from Section 409A either as separation pay due to an involuntary separation from service, as a short-term deferral or otherwise shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Plan upon a termination of the Participant's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. For purposes of Section 409A, each installment payment provided under this Plan shall be treated as a separate payment.

(a) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Plan constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of the Participant's taxable year following the taxable year in which such expense was incurred by the Participant, (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*, 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 in which the arrangement is in effect.

(b) Notwithstanding any provision in this Plan to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if the Participant's receipt of such payment or benefit is not delayed until the earlier of (i) the date of the Participant's death or (ii) the date that is six (6) months after the Date of Termination (such date, the "Section 409A Payment Date"), then such payment or benefit shall not be provided to the Participant (or the Participant's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Plan are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

EXHIBIT A
USA RARE EARTH, INC.
SEVERANCE AND CHANGE OF CONTROL PROTECTION PLAN
FORM OF GENERAL RELEASE OF CLAIMS

This General Release of Claims (this "Release") is entered into by [●] ("Participant") and USA Rare Earth, Inc. (the "Company") and is the Release, as referenced (and defined) in the USA Rare Earth, Inc. Severance and Change of Control Protection Plan (the "Plan"). Capitalized terms not defined herein have the meanings given to them in the Plan.

1. Participant's Separation. Participant's employment with the Company ended as of [●] (the "Termination Date"). As of the Termination Date, Participant was no longer employed by the Company Group. After the Termination Date, Participant is not, nor will Participant represent that Participant is, an employee, contractor, officer, attorney, agent, or representative of the Company in any capacity or for any purpose.

2. Severance Payments & Benefits. Provided that Participant (i) executes this Release on or after the Termination Date and returns a copy of this signed Release to the Company so that it is received by the Company at 100 W Airport Road, Stillwater, Oklahoma 74075, Attn: Chief Legal Officer, no later than the Release Expiration Date, (ii) does not revoke Participant's acceptance of this Release pursuant to Section 7 below, and (iii) satisfies any applicable Restrictive Covenant Conditions, then the Company shall provide Participant with the payments and benefits as set forth in the Plan. Participant acknowledges and agrees that Participant is not eligible for or due any payments, equity, benefits, or notice other than as provided in this Release.

3. Release of Claims.

(a) As consideration for (and as a condition of) the payment to Participant of the consideration referenced in Section 2 (and any portion thereof), Participant, on behalf of Participant and Participant's successors and anyone purporting to claim through or on behalf of Participant, hereby forever, fully and finally releases, acquits, and discharges the Company, each other member of the Company Group, and each of their respective parents, subsidiaries, and other affiliates and each of the foregoing entities' respective past, present and future affiliates and subsidiaries and each of the foregoing entities' respective predecessors, successors, shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents, and benefit plans (and the fiduciaries of such plans), in their personal and representative capacities (collectively, the "Released Parties" and each a "Released Party"), from liability for – and does hereby covenant and agree never to institute or cause to be instituted any lawsuit, arbitration or similar proceeding against any of the Released Parties based upon – claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities of any nature whatsoever, in law or in equity, whether or not known, suspected or claimed, that Participant has ever had, has claimed to have, now has, or could have against any Released Party by reason of any act, event, occurrence, or thing existing or occurring on or before the date that Participant signs this Release (the "Signing Date"), including any and all claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities relating to Participant's ownership of any interest in any Released Party, Participant's employment with or engagement by any Released Party, Participant's

awards under any compensation or bonus plan or arrangement sponsored or maintained by any Released Party, or any other acts or omissions related to any matter existing or occurring on or prior to the Signing Date, including: (i) any alleged violation of any federal, state or local labor or employment law, including those relating to anti-discrimination and anti-retaliation, or any other local, state or federal law, regulation or ordinance, including, for the avoidance of doubt, Title VII of the Civil Rights Act of 1967, the Civil Rights Act of 1991, Sections 1981 through 1988 of Title 42 of the United States Code, the Employee Retirement Income Security Act of 1974 (with respect to unvested benefits), the Fair Labor Standards Act of 1938 (with respect to rights and claims that may be legally waived and released by private agreement), the Equal Pay Act of 1963, the Lilly Ledbetter Fair Pay Act of 2009, the Family and Medical Leave Act of 1993, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA"); the Older Worker Benefit Protection Act ("OWBPA"), the Genetic Information Nondiscrimination Act of 2008, the Rehabilitation Act of 1973, the Worker Adjustment and Retraining Notification Act of 1988, the Sarbanes-Oxley Act of 2002, the Equal Pay Act of 1963, the Immigration Reform and Control Act of 1986, the Occupational Safety and Health Act of 1970, the Fair Credit Reporting Act of 1970, the Oklahoma Anti-Discrimination Act, the Oklahoma Minimum Wage Act, retaliation claims under the Oklahoma Administrative Workers' Compensation Act, retaliation claims under the Oklahoma Workers' Compensation Act, and the Texas Labor Code, including the Texas Payday Act, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, and the Texas Whistleblower Act, all including any amendments and their respective implementing regulations; and any federal, state or local wage and hour law;¹ (ii) any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (iii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in, or with respect to, any Released Claims (as defined below); (iv) any claim, whether direct or derivative, arising from, or relating to, Participant's status as a holder of any shares or interests in any Released Party; (v) any and all rights, benefits or claims Participant may have under (A) any employment agreement, the Plan, incentive plan, bonus agreement, or award agreement, or otherwise with respect to any amount owed on or before the Signing Date or (B) any other agreement, plan or arrangement with, or sponsored or maintained by, any Released Party; and (vii) any claim for compensation or benefits of any kind through the Signing Date (collectively, the "Released Claims"). THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE RELEASED PARTIES.

(b) The parties intend for this Release to be interpreted and construed as broadly as it appears on its face and to the broadest and fullest extent permitted under applicable laws.

(c) This Release requires Participant to abandon all claims or proceedings Participant has against the Released Parties, including those on appeal, if any. If Participant has previously filed a claim against any of the Released Parties in a court of law or initiated a claim or proceeding against or about any of the Released Parties, Participant hereby agrees and covenants to take all steps necessary to cause such claims or proceedings to be dismissed with prejudice within three (3) business days of executing this Release.

(d) The foregoing release does not release or impair (i) any rights to vested benefits under an employee benefit plan of any Released Party that is subject to ERISA and that cannot be released pursuant to ERISA, (ii) any claims first arising after the Signing Date, or (iii) Participant's ability to file a claim for unemployment insurance or workers' compensation benefits.

(e) KNOWN AND UNKNOWN CLAIMS. PARTICIPANT UNDERSTANDS THAT THIS RELEASE WAIVES AND RELEASES ALL CLAIMS, WHETHER KNOWN OR UNKNOWN, BASED ON FACTS OR OMISSIONS OCCURRING ON OR BEFORE THE DATE THAT PARTICIPANT SIGNS THIS RELEASE, EVEN IF PARTICIPANT DOES NOT HAVE KNOWLEDGE OF THOSE FACTS OR OMISSIONS AT THE TIME PARTICIPANT SIGNS THIS RELEASE. Participant acknowledges that Participant may later discover claims or facts in addition to or different from those which Participant now knows or believes to exist with regards to the subject matter of this Release, and which if known or suspected at the time of executing this Release, may have materially affected its terms. Nevertheless, Participant waives any and all claims that might arise as a result of such different or additional claims or facts.

(f) Protected Rights and Disclosures. Further, nothing in this Release prevents Participant from filing any non-legally waivable claim, including a challenge to the validity of this Release, with the Equal Employment Opportunity Commission, the Securities and Exchange Commission, or other federal, state or local governmental agency or commission (collectively "Governmental Agencies") or participating in (or cooperating with) any investigation or proceeding conducted by any Governmental Agency; however, Participant understands and agrees that, to the extent permitted by law, Participant is waiving any and all rights to recover any monetary or personal relief or recovery from the Released Parties as a result of such Governmental Agency proceeding or subsequent legal actions. Nothing herein waives (and the Released Claims shall not include) Participant's right to receive an award for information provided to a Governmental Agency (including, for the avoidance of doubt, any monetary award or bounty from any governmental agency or regulatory or law enforcement authority in connection with any protected "whistleblower" activity), and nothing herein or in any other agreement between Participant and any Released Party shall prohibit or restrict Participant from (A) initiating communications directly with, cooperating with, providing information or making statements to, causing information to be provided to, or otherwise assisting in an investigation by, any Governmental Agency; (B) responding to any inquiry or legal process directed to Participant from any Governmental Agency; (C) testifying, participating or otherwise assisting in any action or proceeding by any Governmental Agency; or (D) making any disclosures that are protected under the whistleblower provisions of any applicable law. Nothing in this Release requires Participant to obtain prior authorization before engaging in any conduct described in the previous sentence or to notify any Released Party that Participant engaged in any such conduct.

4. Acceptance of this Release; Consideration Period for Waiver of ADEA Rights. Participant understands that Participant may take twenty-one (21) calendar days from the date this Release is presented to Participant to consider whether to sign and accept this Release, subject to the additional terms and conditions in Section below. For Participant's acceptance to be effective, Participant shall return Participant's signed Release to the Company so that it is received by the Company at 100 W Airport Road, Stillwater, Oklahoma 74075, Attn: Chief Legal Officer. By signing this Release, Participant acknowledges and agrees that Participant has been advised of and understands the following: (a) Participant has carefully read and fully understands all terms and conditions of this Release; (b) Participant is receiving valid consideration for this Release that is in addition to anything of value to which Participant is already entitled; (c) this Release does not waive rights or claims that may arise after it is executed; (d) by signing this Release, Participant is waiving and releasing rights and claims under the ADEA (as amended by the OWBPA); (e) Participant has been given the opportunity to consult with an attorney of Participant's choice before signing this Release; (f) Participant will be provided twenty-one (21) calendar days following Participant's receipt of this Release to consider this Release before accepting it (the "Consideration Period"), or Participant has freely and knowingly waived the right to consider this Release for the full Consideration Period by executing the Release before the expiration of the Consideration Period. Changes to this Release, whether material or immaterial, do not restart the Consideration Period.

5. No Admission of Wrongdoing. Participant acknowledges that neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or construed at any time to be an admission by any Released Party of any improper or unlawful conduct.

6. Continuing Obligations. Participant acknowledges that the Participant's continued compliance with any confidentiality, non-solicitation, non-competition, non-disparagement, non-hire or similar covenants to which a Participant is subject pursuant to any written agreement with any entity in the Company Group (if any) ("Continuing Obligations") survive the termination of Participant's employment in accordance with their terms and are reasonable and necessary to protect the legitimate business interests of the Company. Participant agrees Participant remains bound by such Continuing Obligations. Participant further represents and warrants that Participant has not divulged any confidential information of the Company without the Company's consent. Subject to Participant's protected rights set forth in Section 4(f) above, Participant further agrees not to defame or disparage the Company Group or their current or former officers, directors, employees, shareholders, members, agents or products. For the avoidance of doubt, the foregoing shall not be violated by truthful statements made in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

7. Effective Date and Revocation of this Release. Participant shall have an additional seven (7) calendar days after signing and agreeing this Release to revoke it (the "Revocation Period"). Participant may revoke Participant's acceptance of this Release by delivering a written statement during the Revocation Period to the Company's Chief Legal Officer and Head of Human Resources, which clearly and unequivocally states that Participant is revoking Participant's acceptance of this Release and does not want to be bound by it. This Release shall not become effective until 12:01 AM Central Standard Time on the eighth (8th) calendar day after the date on which Participant executes (and does not revoke) this Release (the "Effective Date"). If a notice of revocation is not received prior to the expiration of the Revocation Period, this Release will take effect and will become irrevocable and binding.

8. Return of Company Property. Participant will return all property belonging to the Company, including but not limited to: computers, computer equipment, and/or software; telephones or personal data assistants; other equipment; keys and/or access cards or devices; credit cards; books or other publications; board materials; current or prospective client, and/or customer lists or information; all Company-related emails, files, or folders on Participant's personal computers or communication devices; and other business records such as memoranda, letters, email communications, lists of fees, personnel data, employee lists, salary and benefits information (other than relating to Participant), lists of suppliers and vendors, financial data, training materials, marketing plans, notes, records, reports, manuals, handbooks, forms, formulas, contracts, catalogs, instructions, and all other documentation (whether in draft or final and electronic or hard copy form) relating to the Company's business, and any and all other documents containing proprietary information furnished to Participant by any representative of the Company or otherwise acquired or developed by Participant in connection with his employment with the Company, regardless of the manner in which Participant acquired possession of the documents or property (collectively, "Company Materials"). The Company Materials shall at all times be the property of the Company. Within five (5) days of the date this Agreement is provided to Participant, Participant shall return to the Company and shall confirm to the Company that Participant has returned any and all Company Materials and any and all copies thereof which are in Participant's possession, custody, or control, including Company Materials retained by Participant in Participant's office, automobile, personal electronic devices, or at Participant's home.

9. Cooperation. Participant agrees to cooperate fully and in good faith with the Company and/or the Released Parties and their respective legal counsel in any matters that have or may result in a legal claim against the Company and/or in any investigation or other government action. This requires Participant, without limitation, to (a) make himself/herself available upon reasonable request to provide information and assistance to the Company on such matters without additional compensation, except for Participant's pre-approved out-of-pocket costs, and (b) notify the Company within three (3) business days of any requests to Participant for information related to any pending or potential legal claim, investigation, or litigation involving the Company, reviewing any such request with a designated representative of the Company prior to disclosing any such information, and permitting the representative of the Company to be present during any communication of such information. Participant's duty of cooperation will include, but not be limited to (i) meeting with the Company's legal counsel by telephone or in person at mutually convenient times and places in order to state truthfully Participant's knowledge of matters at issue and recollection of events; (ii) appearing at the Company's and/or its legal counsel's request (and, to the extent possible, at a time convenient to Participant that does not conflict with the needs or requirements of Participant's then-current employer) as a witness at depositions or trials, without necessity of a subpoena, in order to state truthfully Participant's knowledge of matters at issue; and (iii) signing at the Company's and/or its legal counsel's request any declarations or affidavits that truthfully state matters of which Participant has knowledge.

10. Participant Acknowledgments; Advice to Consult with Legal Counsel. *This is an important legal document. Participant is advised to consult with legal counsel of Participant's choosing before signing this Release.*

(a) Participant acknowledges that Participant's entry into this Release (and non-revocation thereof) is a condition to Participant's receipt of the consideration set forth in Section 2, and that, in the absence of timely executing, returning, and not revoking this Release and complying with its terms, Participant would not be entitled to receive such consideration (or any portion thereof).

(b) In entering into this Release, Participant fully understands its binding effect of this Release; the only promises made to Participant to sign this Release are those stated in this Release and the Plan; Participant is signing this Release knowingly, voluntarily and of Participant's own free will; Participant relies on Participant's own judgment in entering into this Release and Participant has not relied on any representation or statement, written or oral, of any Released Party or Released Party's agent that is not set forth in this Release or the Plan; and Participant understands and agrees to each of the terms of this Release.

(c) This Release and the releases and covenants contained herein shall be binding upon Participant, Participant's heirs, executors, administrators, beneficiaries, trustees, successors, assigns, agents, and anyone purporting to claim through or on behalf of Participant. This Release and the releases and covenants contained herein shall inure to the benefit of all Released Parties.

11. Governing Law and Forum Selection. The parties agree that this Release shall be governed by and construed in accordance with the laws of the State of Oklahoma, without reference to its conflict or choice of laws principles. The parties further agree that the exclusive forum for resolution of any dispute arising out of or in connection with this Release, Participant's employment with the Company, and/or the separation of Participant's employment from the Company will be in a state or federal court of appropriate jurisdiction in Oklahoma.

12. Counterparts. This Release may be executed in one or more counterparts (including portable document format (.pdf) counterparts), each of which shall be deemed to be an original, but all of which together will constitute one and the same Release.

13. Severability. To the extent permitted by applicable law, the Company and Participant hereby agree that any term or provision of this Release that renders such term or provision or any other term or provision hereof invalid or unenforceable in any respect shall be severable and shall be modified or severed to the extent necessary to avoid rendering such term or provision invalid or unenforceable, and such modification or severance shall be accomplished in the manner that most nearly preserves the benefit of the parties' bargain hereunder.

14. Headings; References; Interpretations. Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes. The words "hereof," "herein" and "hereunder" and other compounds of the word "here" shall refer to the entire Release and not to any particular provision hereof. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." All references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. Neither this Release nor any uncertainty or ambiguity herein shall be construed against any party, whether under any rule of construction or otherwise. This Release has been reviewed by each of the parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties.

15. Entire Agreement. This Release, which incorporates the Employment Agreement, is the complete understanding between Participant and the Company. It replaces any other agreements, representations or promises, written or oral.

IN WITNESS WHEREOF, the parties hereto have executed this Release with the intent to be legally bound.

Accepted by:
USA RARE EARTH, INC.

By: _____
Name: _____
Title: _____

PARTICIPANT

By: _____
Name: _____

USA RARE EARTH, INC.
2024 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT GRANT NOTICE

USA Rare Earth, Inc., a Delaware corporation (the “Company”), pursuant to the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan, as may be amended from time to time (the “Plan”), hereby grants to Participant the number of restricted stock units (“RSUs”) set forth below, each of which represents the right to receive one share of Stock without any payment for such shares. This award is subject to all of the terms and conditions as set forth in this Restricted Stock Unit Grant Notice (this “Notice”), in the corresponding Restricted Stock Unit Agreement and the Plan, which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Restricted Stock Unit Agreement will have the same definitions as in the Plan or the Restricted Stock Unit Agreement. If there is any conflict between the terms in this Notice, Exhibit 1 to this Notice, the corresponding Restricted Stock Unit Agreement and the Plan, then such conflict or inconsistency shall be resolved by giving such documents precedence in the following order: Exhibit 1, this Notice, the corresponding Restricted Stock Unit Agreement, and then the Plan.

Participant	[PARTICIPANT NAME]
Date of Grant:	[GRANT DATE]
Number of RSUs:	[TOTAL SHARES]

Type of Grant:	Restricted Stock Units
----------------	------------------------

Vesting Schedule:	This award shall vest pursuant to the schedule set forth in Exhibit 1, which is attached hereto and incorporated herein in its entirety.
-------------------	--

Additional Terms/Acknowledgements:	Participant acknowledges receipt of, and understands and agrees to, this Notice, the corresponding Restricted Stock Unit Agreement and the Plan. Participant acknowledges and agrees that this Notice and the corresponding Restricted Stock Unit Agreement may not be modified, amended or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Notice, the corresponding Restricted Stock Unit Agreement, and the Plan set forth the entire understanding between Participant and the Company regarding this RSU award and supersede all prior oral and written agreements, promises and/or representations on that subject.
------------------------------------	---

By accepting these RSUs, the Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

USA Rare Earth, Inc.

By: [NAME]
Title:

Participant:

Date:

Attachments: Restricted Stock Unit Agreement; 2024 Omnibus Incentive Plan

Exhibit 1: Vesting Schedule

Attachment 1: Restricted Stock Unit Agreement

USA RARE EARTH, INC. 2024 OMNIBUS INCENTIVE PLAN RESTRICTED STOCK UNIT AGREEMENT

Pursuant to your Restricted Stock Unit Grant Notice (“**Grant Notice**”) and this Restricted Stock Unit Agreement (this “**Agreement**”), USA Rare Earth, Inc., a Delaware corporation (the “**Company**”) has granted you the number of RSUs under the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan (the “**Plan**”) indicated in your Grant Notice, each of which represents the right to receive one share of Stock. The RSUs are granted to you effective as of the date of grant set forth in the Grant Notice (the “**Date of Grant**”). If there is any conflict between the terms in the Grant Notice, Exhibit 1 to the Grant Notice, this Agreement and the Plan, then such conflict shall be resolved by giving such documents precedence in the following order: Exhibit 1, the Grant Notice, this Agreement, and then the Plan. Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan will have the same meanings as in the Plan.

The details of the RSUs, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting; No Shareholder Rights

The RSUs will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Employment with the Company and its subsidiaries, except as may be provided otherwise in the Vesting Schedule in Exhibit 1 to your Grant Notice or in an employment or other written agreement between you and the Company. You will not be deemed to be the holder of, or have any of the rights of a stockholder with respect to, any RSUs unless and until they have vested and the Administrator has issued and delivered shares of Stock to you and your name shall have been entered as a stockholder of record on the books of the Company.

2. Number of RSUs

The number of RSUs is set forth in your Grant Notice and will be adjusted in the event of changes in capital structure and similar events as provided in Section 7 of the Plan.

3. Settlement

Subject to Section 8, each RSU will be settled by delivery to you of one share of Stock within thirty (30) days following vesting. The Administrator may, in its sole discretion, deliver cash in lieu of all or any portion of the shares of Stock otherwise deliverable in respect of the RSUs in an amount equal to such number of shares of Stock multiplied by the Fair Market Value of a share of Stock on the date when such shares would otherwise have been issued, as determined by the Administrator.

4. Securities Law Compliance

In no event shall the Company deliver shares of Stock upon vesting or settlement of the RSUs unless such shares are then registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and applicable state securities laws or, if not registered, the Administrator has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act and applicable state securities laws. The issuance of shares of Stock is also subject to compliance with all other applicable laws and regulations governing your RSUs, including the requirements of any stock exchange on which the Stock may be listed, and you may not be issued shares of Stock if the Administrator determines that such issuance would not be in material compliance with such laws, regulations and listing requirements.

5. Other Terms

- (a) In considering the acceptance of this award of RSUs, you understand, acknowledge, agree and hereby stipulate that you should use the same independent investment judgment that you would use in making other investments in corporate securities. Among other things, stock prices will fluctuate over any reasonable period of time and the price of Stock may go down as well as up. No guarantees are made as to the future prospects of the Company or the Stock. No representations are made by the Administrator or the Company.
- (b) Notwithstanding anything to the contrary in this Agreement, the Stock issued under this Agreement and all amounts that may be received by you in connection with any disposition of any such Stock shall be subject to applicable recoupment, "clawback" and similar provisions under law, as well as any recoupment, "clawback" and similar policies of the Company that may be adopted at any time and from time to time in accordance with Section 6(a)(5) of the Plan.

6. Transferability

The RSUs are not assignable or transferable, except by will or by the laws of descent and distribution. Without limiting the generality of the foregoing, the RSUs may not be sold, assigned, transferred or otherwise disposed of, or pledged or hypothecated in any manner (whether by operation of law or otherwise), and shall not be subject to execution, attachment or other process. Any assignment, transfer, sale, pledge, hypothecation or other disposition of the RSUs or any attempt to make any such levy of execution, attachment or other process will cause the RSUs to terminate immediately.

7. RSUs not a Service Contract

The RSUs are not an employment or service contract, and nothing in the RSUs will be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company or an affiliate, or of the Company or an affiliate to continue your employment or service. In addition, nothing in the RSUs will obligate the Company or an affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a member of the Company's Board or a consultant for the Company or an affiliate.

8. Withholding Obligations

- (a) Your acceptance of this award of RSUs constitutes your instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on your behalf a whole number of shares of Stock from those shares issuable to you as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy your tax withholding obligation. Such shares will be sold on the day the tax withholding obligation arises (e.g., the vesting date) or as soon thereafter as practicable. You will be responsible for all broker's fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed your tax withholding obligation, the funds will be deposited into your brokerage account at Fidelity Investments as soon as practicable. You acknowledge that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your tax withholding obligation. Accordingly, you agree to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the tax withholding obligation that is not satisfied by the sale of shares of Stock described above. In addition, the Administrator may (but is not required to), to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to you from the Company or any parent or subsidiary of the Company.
- (b) If, at any time not less than five (5) business days before any tax withholding obligation arises (e.g., the vesting date), you may satisfy your tax withholding obligation by depositing the required funds into your brokerage account at Fidelity Investments.

- (c) The Administrator and the Company assume no responsibility for individual income taxes, penalties or interest related to grant, vesting or settlement of any RSU. Neither the Administrator, the Company nor any affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant, vesting or settlement of the RSUs. **You should consult with your personal tax advisor regarding the tax ramifications, if any, which result from receipt of the RSUs, the subsequent issuance, if any, of Stock on settlement of the RSUs, and the subsequent disposition of any such Stock.** You acknowledge that the Administrator or the Company may be required to withhold federal, state and/or local taxes in connection with the vesting and/or settlement of the RSUs. **No RSUs will vest or be settled unless the tax withholding obligations of the Company and/or any affiliate are satisfied.** The Administrator will have no obligation to issue a certificate for Stock in respect of the RSUs unless the obligations set forth in this Section 8 are satisfied.

9. Section 409A; Tax Consequences

It is the Administrator's and the Company's intent that payments under this Agreement and Grant Notice shall be exempt from Section 409A of the Code ("**Section 409A**") to the extent applicable, and that this Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement, the Grant Notice or any employment agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement is determined by the Administrator to constitute "nonqualified deferred compensation" subject to Section 409A and is payable to you by reason of termination of your employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service," as defined for purposes of Section 409A under applicable regulations, from the Company and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Administrator), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service from the Company (or your earlier death). Each payment under this Agreement shall be treated as a separate payment under Section 409A. You hereby agree that the Administrator and the Company do not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Administrator, the Company, or any of its officers, directors, employees or affiliates related to tax liabilities arising from the RSUs or your other compensation.

10. Notices

Any notices provided for in the Agreement or the Plan will be given in writing and will be deemed effectively given upon receipt. The Administrator may, in its sole discretion, decide to deliver any documents related to participation in the Plan and these RSUs by electronic means or to request your consent to participate in the Plan by electronic means. By accepting these RSUs, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

11. Agreement Summaries

In the event that the Administrator provides you (or anyone acting on your behalf) with summary or other information concerning, including or otherwise relating to your rights or benefits under this Agreement (including, without limitation, the RSUs and any vesting thereof), such summary or other information shall in all cases be qualified in its entirety by Exhibit 1, the Grant Notice, this Agreement and the Plan and, unless it explicitly states otherwise and is signed by an officer of the Company, shall not constitute an amendment or other modification hereto.

12. Acknowledgements

You understand, acknowledge, agree and hereby stipulate that: (a) you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else; (b) the RSUs are intended to be consideration in exchange for the promises and covenants set forth in this Agreement; (c) you have carefully read, considered and understand all of the provisions of this Agreement and the Company's policies reflected in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged; (d) you have asked any questions needed for you to understand the terms, consequences and binding effect of this Agreement and you fully understand them; (e) you were provided an opportunity to seek the advice of an attorney and/or a tax professional of your choice before accepting this award of RSUs; and (f) the obligations and restrictions set forth in this Agreement are fair and reasonable.

Attachment 2: 2024 Omnibus Incentive Plan

USA RARE EARTH, INC.
2024 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT GRANT NOTICE

USA Rare Earth, Inc., a Delaware corporation (the “**Company**”), pursuant to the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan, as may be amended from time to time (the “**Plan**”), hereby grants to Participant the number of restricted stock units (“**RSUs**”) set forth below, each of which represents the right to receive one share of Stock without any payment for such shares. This award is subject to all of the terms and conditions as set forth in this Restricted Stock Unit Grant Notice (this “**Notice**”), in the corresponding Restricted Stock Unit Agreement and the Plan, which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Restricted Stock Unit Agreement will have the same definitions as in the Plan or the Restricted Stock Unit Agreement. If there is any conflict between the terms in this Notice, Exhibit 1 to this Notice, the corresponding Restricted Stock Unit Agreement and the Plan, then such conflict or inconsistency shall be resolved by giving such documents precedence in the following order: Exhibit 1, this Notice, the corresponding Restricted Stock Unit Agreement, and then the Plan.

Participant	[PARTICIPANT NAME]
Date of Grant:	[GRANT DATE]
Number of RSUs:	[TOTAL SHARES]

Type of Grant:	Restricted Stock Units
----------------	------------------------

Vesting Schedule:	This award shall vest pursuant to the schedule set forth in Exhibit 1, which is attached hereto and incorporated herein in its entirety.
-------------------	--

Additional Terms/Acknowledgements:	Participant acknowledges receipt of, and understands and agrees to, this Notice, the corresponding Restricted Stock Unit Agreement and the Plan. Participant acknowledges and agrees that this Notice and the corresponding Restricted Stock Unit Agreement may not be modified, amended or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Notice, the corresponding Restricted Stock Unit Agreement, and the Plan set forth the entire understanding between Participant and the Company regarding this RSU award and supersede all prior oral and written agreements, promises and/or representations on that subject.
------------------------------------	---

By accepting these RSUs, the Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

USA Rare Earth, Inc.

By: [NAME]
Title:

Participant:

Date:

Attachments: Restricted Stock Unit Agreement; 2024 Omnibus Incentive Plan

Exhibit 1: Vesting Schedule

Attachment 1: Restricted Stock Unit Agreement

USA RARE EARTH, INC. 2024 OMNIBUS INCENTIVE PLAN RESTRICTED STOCK UNIT AGREEMENT

Pursuant to your Restricted Stock Unit Grant Notice (“**Grant Notice**”) and this Restricted Stock Unit Agreement (this “**Agreement**”), USA Rare Earth, Inc., a Delaware corporation (the “**Company**”) has granted you the number of RSUs under the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan (the “**Plan**”) indicated in your Grant Notice, each of which represents the right to receive one share of Stock. The RSUs are granted to you effective as of the date of grant set forth in the Grant Notice (the “**Date of Grant**”). If there is any conflict between the terms in the Grant Notice, Exhibit 1 to the Grant Notice, this Agreement and the Plan, then such conflict shall be resolved by giving such documents precedence in the following order: Exhibit 1, the Grant Notice, this Agreement, and then the Plan. Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan will have the same meanings as in the Plan.

The details of the RSUs, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting; No Shareholder Rights

The RSUs will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Employment with the Company and its subsidiaries, except as may be provided otherwise in the Vesting Schedule in Exhibit 1 to your Grant Notice or in an employment or other written agreement between you and the Company. You will not be deemed to be the holder of, or have any of the rights of a stockholder with respect to, any RSUs unless and until they have vested and the Administrator has issued and delivered shares of Stock to you and your name shall have been entered as a stockholder of record on the books of the Company.

2. Number of RSUs

The number of RSUs is set forth in your Grant Notice and will be adjusted in the event of changes in capital structure and similar events as provided in Section 7 of the Plan.

3. Settlement

Subject to Section 8, each RSU will be settled by delivery to you of one share of Stock within thirty (30) days following vesting. The Administrator may, in its sole discretion, deliver cash in lieu of all or any portion of the shares of Stock otherwise deliverable in respect of the RSUs in an amount equal to such number of shares of Stock multiplied by the Fair Market Value of a share of Stock on the date when such shares would otherwise have been issued, as determined by the Administrator.

4. Securities Law Compliance

In no event shall the Company deliver shares of Stock upon vesting or settlement of the RSUs unless such shares are then registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and applicable state securities laws or, if not registered, the Administrator has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act and applicable state securities laws. The issuance of shares of Stock is also subject to compliance with all other applicable laws and regulations governing your RSUs, including the requirements of any stock exchange on which the Stock may be listed, and you may not be issued shares of Stock if the Administrator determines that such issuance would not be in material compliance with such laws, regulations and listing requirements.

5. Other Terms

- (a) In considering the acceptance of this award of RSUs, you understand, acknowledge, agree and hereby stipulate that you should use the same independent investment judgment that you would use in making other investments in corporate securities. Among other things, stock prices will fluctuate over any reasonable period of time and the price of Stock may go down as well as up. No guarantees are made as to the future prospects of the Company or the Stock. No representations are made by the Administrator or the Company.
- (b) Notwithstanding anything to the contrary in this Agreement, the Stock issued under this Agreement and all amounts that may be received by you in connection with any disposition of any such Stock shall be subject to applicable recoupment, "clawback" and similar provisions under law, as well as any recoupment, "clawback" and similar policies of the Company that may be adopted at any time and from time to time in accordance with Section 6(a)(5) of the Plan.

6. Transferability

The RSUs are not assignable or transferable, except by will or by the laws of descent and distribution. Without limiting the generality of the foregoing, the RSUs may not be sold, assigned, transferred or otherwise disposed of, or pledged or hypothecated in any manner (whether by operation of law or otherwise), and shall not be subject to execution, attachment or other process. Any assignment, transfer, sale, pledge, hypothecation or other disposition of the RSUs or any attempt to make any such levy of execution, attachment or other process will cause the RSUs to terminate immediately.

7. RSUs not a Service Contract

The RSUs are not an employment or service contract, and nothing in the RSUs will be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company or an affiliate, or of the Company or an affiliate to continue your employment or service. In addition, nothing in the RSUs will obligate the Company or an affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a member of the Company's Board or a consultant for the Company or an affiliate.

8. Withholding Obligations

- (a) You have the opportunity to elect to satisfy your federal, state, local and foreign tax withholding obligations by making a cash payment to the Company not less than five (5) business days before any withholding obligation arises in accordance with Section 8(b). If you do not affirmatively elect to satisfy your tax withholding obligations by making a cash payment, your acceptance of this award of RSUs constitutes your authorization for the Company, in its sole discretion, to (1) sell on your behalf a whole number of shares of Stock from those shares issuable to you as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy your tax withholding obligation, or (2) hold back shares of Stock otherwise issuable on vesting of the Restricted Stock or permit you to tender previously-owned shares of Stock in satisfaction of tax or other withholding requirements (but not in excess of the maximum withholding amount consistent with the Restricted Stock being subject to equity accounting treatment under the Accounting Rules). Any shares sold pursuant to (1) will be sold on the day the tax withholding obligation arises (e.g., the vesting date) or as soon thereafter as practicable. You will be responsible for all broker's fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed your tax withholding obligation, the funds will be deposited into your brokerage account at Fidelity Investments as soon as practicable. You acknowledge that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your tax withholding obligation. Accordingly, you agree to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the tax withholding obligation that is not satisfied by the sale of shares of Stock described above. In addition, the Company may (but is not required to), to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to you from the Company or any parent or subsidiary of the Company..
- (b) At any time not less than five (5) business days before any tax withholding obligation arises (e.g., the vesting date), you may elect to satisfy your tax withholding obligation by depositing the required funds into your brokerage account at Fidelity Investments.
- (c) The Administrator and the Company assume no responsibility for individual income taxes, penalties or interest related to grant, vesting or settlement of any RSU. Neither the Administrator, the Company nor any affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant, vesting or settlement of the RSUs. **You should consult with your personal tax advisor regarding the tax ramifications, if any, which result from receipt of the RSUs, the subsequent issuance, if any, of Stock on settlement of the RSUs, and the subsequent disposition of any such Stock.** You acknowledge that the Administrator or the Company may be required to withhold federal, state and/or local taxes in connection with the vesting and/or settlement of the RSUs. **No RSUs will vest or be settled unless the tax withholding obligations of the Company and/or any affiliate are satisfied.** The Administrator will have no obligation to issue a certificate for Stock in respect of the RSUs unless the obligations set forth in this Section 8 are satisfied.

9. Section 409A; Tax Consequences

It is the Administrator's and the Company's intent that payments under this Agreement and Grant Notice shall be exempt from Section 409A of the Code ("**Section 409A**") to the extent applicable, and that this Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement, the Grant Notice or any employment agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement is determined by the Administrator to constitute "nonqualified deferred compensation" subject to Section 409A and is payable to you by reason of termination of your employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service," as defined for purposes of Section 409A under applicable regulations, from the Company and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Administrator), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service from the Company (or your earlier death). Each payment under this Agreement shall be treated as a separate payment under Section 409A. You hereby agree that the Administrator and the Company do not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Administrator, the Company, or any of its officers, directors, employees or affiliates related to tax liabilities arising from the RSUs or your other compensation.

10. Notices

Any notices provided for in the Agreement or the Plan will be given in writing and will be deemed effectively given upon receipt. The Administrator may, in its sole discretion, decide to deliver any documents related to participation in the Plan and these RSUs by electronic means or to request your consent to participate in the Plan by electronic means. By accepting these RSUs, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

11. Agreement Summaries

In the event that the Administrator provides you (or anyone acting on your behalf) with summary or other information concerning, including or otherwise relating to your rights or benefits under this Agreement (including, without limitation, the RSUs and any vesting thereof), such summary or other information shall in all cases be qualified in its entirety by Exhibit 1, the Grant Notice, this Agreement and the Plan and, unless it explicitly states otherwise and is signed by an officer of the Company, shall not constitute an amendment or other modification hereto.

12. Acknowledgements

You understand, acknowledge, agree and hereby stipulate that: (a) you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else; (b) the RSUs are intended to be consideration in exchange for the promises and covenants set forth in this Agreement; (c) you have carefully read, considered and understand all of the provisions of this Agreement and the Company's policies reflected in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged; (d) you have asked any questions needed for you to understand the terms, consequences and binding effect of this Agreement and you fully understand them; (e) you were provided an opportunity to seek the advice of an attorney and/or a tax professional of your choice before accepting this award of RSUs; and (f) the obligations and restrictions set forth in this Agreement are fair and reasonable.

Attachment 2: 2024 Omnibus Incentive Plan

USA RARE EARTH, INC.
2024 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT GRANT NOTICE

USA Rare Earth, Inc., a Delaware corporation (the “Company”), pursuant to the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan, as may be amended from time to time (the “Plan”), hereby grants to Participant the number of restricted stock units (“RSUs”) set forth below, each of which represents the right to receive one share of Stock without any payment for such shares. This award is subject to all of the terms and conditions as set forth in this Restricted Stock Unit Grant Notice (this “Notice”), in the corresponding Restricted Stock Unit Agreement and the Plan, which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Restricted Stock Unit Agreement will have the same definitions as in the Plan or the Restricted Stock Unit Agreement. If there is any conflict between the terms in this Notice, Exhibit 1 to this Notice, the corresponding Restricted Stock Unit Agreement and the Plan, then such conflict or inconsistency shall be resolved by giving such documents precedence in the following order: Exhibit 1, this Notice, the corresponding Restricted Stock Unit Agreement, and then the Plan.

Participant	[PARTICIPANT NAME]
Date of Grant:	[GRANT DATE]
Number of RSUs:	[TOTAL SHARES]

Type of Grant:	Restricted Stock Units
----------------	------------------------

Vesting Schedule:	This award shall vest pursuant to the schedule set forth in Exhibit 1, which is attached hereto and incorporated herein in its entirety.
-------------------	--

Additional Terms/Acknowledgements:	Participant acknowledges receipt of, and understands and agrees to, this Notice, the corresponding Restricted Stock Unit Agreement and the Plan. Participant acknowledges and agrees that this Notice and the corresponding Restricted Stock Unit Agreement may not be modified, amended or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Notice, the corresponding Restricted Stock Unit Agreement, and the Plan set forth the entire understanding between Participant and the Company regarding this RSU award and supersede all prior oral and written agreements, promises and/or representations on that subject.
------------------------------------	---

By accepting these RSUs, the Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

USA Rare Earth, Inc.

By: [NAME]
Title:

Participant:

Date:

Attachments: Restricted Stock Unit Agreement; 2024 Omnibus Incentive Plan

Exhibit 1: Vesting Schedule

Attachment 1: Restricted Stock Unit Agreement

USA RARE EARTH, INC. 2024 OMNIBUS INCENTIVE PLAN RESTRICTED STOCK UNIT AGREEMENT

Pursuant to your Restricted Stock Unit Grant Notice (“**Grant Notice**”) and this Restricted Stock Unit Agreement (this “**Agreement**”), USA Rare Earth, Inc., a Delaware corporation (the “**Company**”) has granted you the number of RSUs under the USA Rare Earth, Inc. 2024 Omnibus Incentive Plan (the “**Plan**”) indicated in your Grant Notice, each of which represents the right to receive one share of Stock. The RSUs are granted to you effective as of the date of grant set forth in the Grant Notice (the “**Date of Grant**”). If there is any conflict between the terms in the Grant Notice, Exhibit 1 to the Grant Notice, this Agreement and the Plan, then such conflict shall be resolved by giving such documents precedence in the following order: Exhibit 1, the Grant Notice, this Agreement, and then the Plan. Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan will have the same meanings as in the Plan.

The details of the RSUs, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting; No Shareholder Rights

The RSUs will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Employment with the Company and its subsidiaries, except as may be provided otherwise in the Vesting Schedule in Exhibit 1 to your Grant Notice or in another written agreement between you and the Company. You will not be deemed to be the holder of, or have any of the rights of a stockholder with respect to, any RSUs unless and until they have vested and the Administrator has issued and delivered shares of Stock to you and your name shall have been entered as a stockholder of record on the books of the Company.

2. Number of RSUs

The number of RSUs is set forth in your Grant Notice and will be adjusted in the event of changes in capital structure and similar events as provided in Section 7 of the Plan.

3. Settlement

Subject to Section 9, each RSU will be settled by delivery to you of one share of Stock within thirty (30) days following vesting. The Administrator may, in its sole discretion, deliver cash in lieu of all or any portion of the shares of Stock otherwise deliverable in respect of the RSUs in an amount equal to such number of shares of Stock multiplied by the Fair Market Value of a share of Stock on the date when such shares would otherwise have been issued, as determined by the Administrator.

4. Certain Covered Transactions

Notwithstanding the foregoing or any provision of Exhibit 1, the Grant Notice, this Agreement or the Plan to the contrary, in the event of a Covered Transaction that constitutes a “change in control event” within the meaning of Section 409A of the Code (“Section 409A”), all outstanding RSUs shall accelerate vesting as of immediately prior to such Covered Transaction and be settled no later than the tenth (10th) day following the date of consummation of such Covered Transaction.

5. Securities Law Compliance

In no event shall the Company deliver shares of Stock upon vesting or settlement of the RSUs unless such shares are then registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and applicable state securities laws or, if not registered, the Administrator has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act and applicable state securities laws. The issuance of shares of Stock is also subject to compliance with all other applicable laws and regulations governing your RSUs, including the requirements of any stock exchange on which the Stock may be listed, and you may not be issued shares of Stock if the Administrator determines that such issuance would not be in material compliance with such laws, regulations and listing requirements.

6. Other Terms

- (a) In considering the acceptance of this award of RSUs, you understand, acknowledge, agree and hereby stipulate that you should use the same independent investment judgment that you would use in making other investments in corporate securities. Among other things, stock prices will fluctuate over any reasonable period of time and the price of Stock may go down as well as up. No guarantees are made as to the future prospects of the Company or the Stock. No representations are made by the Administrator or the Company.
- (b) Notwithstanding anything to the contrary in this Agreement, the Stock issued under this Agreement and all amounts that may be received by you in connection with any disposition of any such Stock shall be subject to applicable recoupment, “clawback” and similar provisions under law, as well as any recoupment, “clawback” and similar policies of the Company that may be adopted at any time and from time to time in accordance with Section 6(a)(5) of the Plan.

7. Transferability

The RSUs are not assignable or transferable, except by will or by the laws of descent and distribution. Without limiting the generality of the foregoing, the RSUs may not be sold, assigned, transferred or otherwise disposed of, or pledged or hypothecated in any manner (whether by operation of law or otherwise), and shall not be subject to execution, attachment or other process. Any assignment, transfer, sale, pledge, hypothecation or other disposition of the RSUs or any attempt to make any such levy of execution, attachment or other process will cause the RSUs to terminate immediately.

8. RSUs not a Service Contract

The RSUs are not an employment or service contract, and nothing in the RSUs will be deemed to create in any way whatsoever any obligation on your part to continue in the service of the Company or an affiliate, or of the Company or an affiliate to continue your service. In addition, nothing in the RSUs will obligate the Company or an affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a member of the Company’s Board or a consultant for the Company or an affiliate.

9. Withholding

At the time when the RSUs vest, in whole or in part, and at any time thereafter, you hereby agree to make adequate provision for any sums required to satisfy the federal, state, local and foreign taxes owed in respect of the RSUs. The Administrator and the Company assume no responsibility for individual income taxes, penalties or interest related to grant, vesting or settlement of any RSU. Neither the Administrator, the Company nor any affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant, vesting or settlement of the RSUs. You should consult with your personal tax advisor regarding the tax ramifications, if any, which result from receipt of the RSUs, the subsequent issuance, if any, of Stock on settlement of the RSUs, and the subsequent disposition of any such Stock

10. Section 409A; Tax Consequences

It is the Administrator's and the Company's intent that payments under this Agreement and Grant Notice shall be exempt from Section 409A to the extent applicable, and that this Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement, the Grant Notice or any service agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement is determined by the Administrator to constitute "nonqualified deferred compensation" subject to Section 409A and is payable to you by reason of termination of your service, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service," as defined for purposes of Section 409A under applicable regulations, from the Company and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Administrator), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service from the Company (or your earlier death). Each payment under this Agreement shall be treated as a separate payment under Section 409A. You hereby agree that the Administrator and the Company do not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Administrator, the Company, or any of its officers, directors, employees or affiliates related to tax liabilities arising from the RSUs or your other compensation.

11. Notices

Any notices provided for in the Agreement or the Plan will be given in writing and will be deemed effectively given upon receipt. The Administrator may, in its sole discretion, decide to deliver any documents related to participation in the Plan and these RSUs by electronic means or to request your consent to participate in the Plan by electronic means. By accepting these RSUs, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Administrator or another third party designated by the Administrator.

12. Agreement Summaries

In the event that the Administrator provides you (or anyone acting on your behalf) with summary or other information concerning, including or otherwise relating to your rights or benefits under this Agreement (including, without limitation, the RSUs and any vesting thereof), such summary or other information shall in all cases be qualified in its entirety by Exhibit 1, the Grant Notice, this Agreement and the Plan and, unless it explicitly states otherwise and is signed by an officer of the Company, shall not constitute an amendment or other modification hereto.

13. Acknowledgements

You understand, acknowledge, agree and hereby stipulate that: (a) you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else; (b) the RSUs are intended to be consideration in exchange for the promises and covenants set forth in this Agreement; (c) you have carefully read, considered and understand all of the provisions of this Agreement and the Company's policies reflected in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged; (d) you have asked any questions needed for you to understand the terms, consequences and binding effect of this Agreement and you fully understand them; (e) you were provided an opportunity to seek the advice of an attorney and/or a tax professional of your choice before accepting this award of RSUs; and (f) the obligations and restrictions set forth in this Agreement are fair and reasonable.

Attachment 2: 2024 Omnibus Incentive Plan

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joshua Ballard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of USA Rare Earth, Inc. for the period ended June 30, 2025;
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. I am 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. I have disclosed, based on my 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 11, 2025

/s/ JOSHUA BALLARD

Name: Joshua Ballard

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Robert Steele Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of USA Rare Earth, Inc. for the period ended June 30, 2025;
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. I am 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. I have disclosed, based on my 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 11, 2025

/s/ WILLIAM ROBERT STEELE JR.

Name: William Robert Steele Jr.

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER,
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002***

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, Joshua Ballard, Chief Executive Officer of USA Rare Earth, Inc., and William Robert Steele Jr., Chief Financial Officer of USA Rare Earth, Inc., each hereby certify that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2025, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Quarterly Report and results of operations of the Company for the period covered by the Quarterly Report.

IN WITNESS WHEREOF, the undersigned has set his hand hereto:

Date: August 11, 2025

/s/ JOSHUA BALLARD

Name: Joshua Ballard
Title: Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2025

/s/ WILLIAM ROBERT STEELE JR.

Name: William Robert Steele Jr.
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of USA Rare Earth, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing