

USA Rare Earth, Inc.

USA Rare Earth Acquisition of Serra Verde Group

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CORPORATE PARTICIPANTS

J. B. Lowe – *VP & Head of Investor Relations*

Barbara Humpton – *Chief Executive Officer*

Thras Moraitis – *CEO, Serra Verde Group*

Rob Steele – *Chief Financial Officer*

PRESENTATION

Operator

Good morning, and welcome to the USA Rare Earth acquisition of Serra Verde Group Conference Call.

All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the “*” key, followed by “0”. After today’s presentation, there will be an opportunity to ask questions. To ask a question, you may press “*”, then “1” on your touchtone phone. To withdraw your question, please press “*”, then “2”. Please note this event is being recorded.

I would now like to turn the conference over to J.B. Lowe, Vice President and Head of Investor Relations for USA Rare Earth. Please go ahead.

J. B. Lowe

Thank you, Betsy. Good morning and good afternoon, everyone, and thank you for joining today's call on USA Rare Earth's transformative acquisition of Serra Verde Group.

With me today are Barbara Humpton, Chief Executive Officer; Thras Moraitis, CEO of Serra Verde Group and the incoming President of USA Rare Earth; and Rob Steele, Chief Financial Officer.

On today's call, Barbara will begin with an overview of the transaction and its strategic rationale; Thras will then provide commentary on Serra Verde's assets and its unique place in the rare earth ecosystem; finally, Rob will wrap up the call with a summary of the financial details of the transaction. And we will then open the call for questions.

I would like to remind participants that today's discussion may contain forward-looking statements. Please refer to the press release and our SEC filings for a discussion of risk factors. Listeners who do not have a copy of the press release or associated presentation may access these documents by visiting the Investor Relations section of the company's website.

With that, I will turn the call over to Barbara.

Barbara Humpton

Thank you, J.B., and good morning to everyone joining us, today. I'm so excited to speak to you about what is truly a transformational moment for USA Rare Earth.

This morning, we announced that USA Rare Earth has entered into a definitive agreement to acquire 100% of Serra Verde Group, owner of an integrated rare earth mine and processing facility in Goias, Brazil. Critically, Serra Verde is the only scaled producer of all four magnetic rare earths in the Western world. It's also the only mine in the world that has price floors for each of neodymium, praseodymium, dysprosium, and terbium, through a 15-year 100% offtake with a special purpose vehicle capitalized by the U.S. government and private capital.

The transaction implies a total equity value of approximately \$2.8 billion, consisting of \$300 million in cash and the remainder in USA Rare Earth stock. We expect the transaction to close in the third quarter of 2026, subject to customary closing conditions and regulatory approvals.

Rob will go through the financial highlights in a moment, but first, let's put the transaction into some context. As many of you know, the rare earth industry has been dominated by one country, for decades. Today, approximately 70% of rare earth mining and over 90% of rare earth processing, metal making and permanent magnet production is controlled by China. And critically, this control is even more pronounced in heavy rare earth, where China holds 99% of the world's processing capacity.

The already urgent need to develop a western supply of heavy rare earth took on greater importance in April of 2025, when the Chinese government imposed strict export controls that further limited supply to the United States and our allies. Almost overnight, the need for a credible scaled non-Asian supply chain moved from a policy aspiration to a strategic imperative.

Serra Verde is, quite simply, a one-of-a-kind asset and in our view, is one of the single most strategic assets that can help break our reliance on that single source.

At Phase 1 nameplate capacity, expected to be achieved by the end of 2027, Serra Verde is projected to produce approximately 6,400 metric tons of total rare earth oxides, per year. To give a sense of the sheer scale of that contribution, Serra Verde is expected to represent over 50% of some of the most critical heavy rare earth of the non-China capacity by the end of 2027, meaning a greater production rate than all other producing mines outside of China, today. We believe there's no comparable operating asset available anywhere else in the world.

Thras will detail how crucial Serra Verde's assets and operating expertise are in the global rare earth market. But first, I want to emphasize that this transaction is also a crowning piece of the strategic vision that was set in motion one year ago, a vision that was born from necessity and forged in action.

April 2025 was a watershed moment. When the global rare earth market was hit with Chinese export restrictions, the world faced a stark reality. The supply chains powering our future were no longer secure. Over the last 12 months, we have moved with systematic precision to develop a fully integrated mine to magnet platform that now spans three continents and is supported by the Department of Commerce, Department of Energy, the Developmental Finance Corporation, as well as other government agencies and the government of France.

We did not build this, alone. We sought out the best-in-class assets and leaders of the rare earth value chain who possess the uncommon combination of technical excellence and the grid to thrive in an industry long dominated by China.

In metal and alloy making, this is Grant Smith and the team at Less Common Metals. LCM is one of the few rare earth metal and alloy producers of scale outside of Asia, and we were happy to welcome them to the USA Rare Earth family in the fall.

In processing and separation, we have partnered with Frederic Carencotte and the team at Carester. Through our recently announced joint investment with InfraVia and the French government, we're ensuring that when the Carester facility comes online later this year, it will lead the Western world in heavy rare earth separation.

And today, we secure the upstream anchor and the ideal bridge to the development of our own Round Top project. At the Pela Ema mine, Thras and his team at Serra Verde have spent 16 years meticulously developing a world-class asset that is simply unrivaled in the West.

By bringing Serra Verde into our fold, USA Rare Earth is now the global champion in rare earth. No other company outside of Asia can match the breadth, the depth or the strategic resilience of the integrated value chain that we're building.

Let me walk through the key strategic pillars of this transformational acquisition. First, we're securing one of industry's most strategic assets, with unparalleled offtake security. Serra Verde is the only scaled producer of all four magnetic rare earths outside of China and the only mine with long-term offtake agreements with price floors on not only light, but also heavy rare earth.

Second, it delivers and accelerates a transformative financial profile for USA Rare Earth. This transaction enhances our financial trajectory with projected annualized run rate EBITDA of \$550 million to \$650 million, by the end of 2027 when we deliver oxides to the SPV.

Third, our global platform will be backed by a robust balance sheet with pro forma liquidity of approximately \$3.2 billion.

Fourth, this transaction unites best-in-class integrated global capabilities.

USA Rare Earth will possess end-to-end expertise spanning mining, processing, separation, metallization and magnet making. The scale and breadth of our mine-to-magnet platform will be unmatched in the Western world and will be fortified by broad-based strategic support and partnerships with both the U.S. and French governments.

Now finally, we're strengthening our leadership team with unrivaled expertise. We're adding world-renowned mining, metals and resource titans, Sir Mick Davis, and Thras Moraitis to our Board of Directors. Sir Mick and Thras need no introduction as they were the architects who built Xstrata into a globe-spanning resource giant. We're thrilled that Thras is also joining USA Rare Earth, as President.

The addition of Sir Mick, Thras and the rest of the Serra Verde team will help ensure that we have the institutional knowledge and operational excellence required to lead this industry. They bring a proven track record and know-how in upstream development, which will be additive as we develop our own highly strategic heavy rare earth and critical mineral project at Round Top.

With that, I'm delighted to hand it over to Thras to tell you more about how he views the evolving rare earth industry landscape and how the special Serra Verde asset fits into our global strategy. Thras.

Thras Moraitis

Thank you, Barbara. I'm genuinely thrilled to be here today because what we're announcing is not just a corporate transaction, it's the creation of a rare earth powerhouse with the scale, the assets and the strategic positioning to become the defining Western player in one of the most critical industries of our time.

To understand why we're so confident in this endeavor, it helps to look at what we've done, before. When Mick Davis, the then CEO of Xstrata and I, along with the Xstrata team, embarked on our journey in the early 2000s, we held a conviction that was deeply contrarian, that China's industrialization would generate a multi-decade surge in metals demand that the mining industry was wholly unprepared to meet. That conviction gave us the courage to pursue a decade-long strategy of acquisitions and organic growth that, ultimately, built Xstrata into one of the world's

great mining companies, culminating in its landmark \$90 billion combination with Glencore in 2014. We were right then, and we are equally confident we are, right now.

Our thesis for rare earth is built on the same rigorous forward-looking analysis. The structural demand drivers are powerful and accelerating, burgeoning demand from electric vehicles, robotics and physical AI, defense and aerospace, semiconductor and medical applications, to name a few.

Critically, our analysis identified that it would be the heavy rare earths: dysprosium, terbium and yttrium that would face the most acute supply constraints. China controls virtually all global mining and processing of these elements. That concentration of supply in a single jurisdiction is not just a commercial risk, it is a geopolitical vulnerability that governments and corporations around the world are now urgently working to address.

Compounding this demand search was a supply side in structural disarray. Outside Asia, the rare earth industry was chronically underinvested, fragmented and critically incomplete. Missing entire links in the supply chain needed to bring product from mine-to-market. And it was obvious to us that left unaddressed, the sector had no realistic prospect of meeting the surging needs of the technology set to define the future.

In 1992, Deng Xiaoping made a statement that proved remarkably prescient, the Middle East has oil, China has rare earths. China has spent the past three decades methodically building dominance over every link in the rare earth supply chain, from mining and processing to metals, alloys and magnets.

When China severely restricted rare earth exports last year, it was not a surprise to us. It was the confirmation of the risk that had been identified and planned for, since 2021. The trade war has dramatically accelerated the urgency felt by Western governments and industries to secure alternative reliable supply chains. Serra Verde was built, precisely, for this moment.

When we set out to find the right asset, our criteria were exacting, a deposit-rich in heavy rare earths amenable to low-cost, low-impact extraction, a large long-life resource with meaningful expansion potential, proximity to power, logistics and other infrastructure, a stable mature mining jurisdiction with predictable regulation and the ability to operate to best-in-class sustainability standards.

Pela Ema, Serra Verde's operation in the state of Goias in Brazil, meets every one of these criteria. It is a large ionic clay deposit with over 20 years of mine life. The extraction process is straightforward. Near-surface clay requires no drilling, no blasting, no crushing or milling and uses only benign reagents in the ionic exchange process. The site benefits from clean hydroelectric power, biofuels for mobile equipment, excellent logistics infrastructure and a skilled local workforce in the nearby town of Minacu. It is not located in an environmentally or socially sensitive area, a critical advantage for permitting, community relations and long-term social license.

Following rigorous due diligence, Vision Blue and The Energy & Minerals Group, two of the most respected natural resource investors in the world, committed \$150 million alongside existing investor, Denham Capital, at the end of 2022. Mick Davis became the Chairman and I became CEO, continuing a partnership of over 30 years.

Our strategic imperatives were to be a first mover in building a scale rare earth producer outside Asia, especially vital heavy rare earths, be the most responsible producer of rare earth elements in the world and play a central role in the development of new integrated rare earth supply chains.

We moved quickly and decisively. Our COO, Ricardo Grossi, built a highly capable passionate team in Brazil. We completed construction of the processing plant, secured all required permits and licenses and commenced commercial production in early 2024. Total equity capital invested exceeded \$700 million, by then.

Throughout this period, we have maintained an exceptional safety record, over three years without a lost time injury and strong trust-based relationship with local communities and regulators. Best-in-class sustainability is not an aspiration for us, it's a non-negotiable operating standard.

Our first-mover advantage as the only scaled producer of all four magnetic rare earths, outside Asia, has not gone unnoticed. In 2024, Serra Verde was formally adopted as a strategic project by the Mineral Security Partnership, a coalition of 14 nations committed to diversifying critical mineral supply chains. This recognition translated directly into a \$565 million financing facility from the U.S. International Development Finance Corporation to fund our expansion and carry us through to positive cash flow.

We then secured a landmark 15-year offtake agreement for our Phase one production with floor prices across all four magnetic rare earths, from an SPV backed by U.S. government parties and private capital. This is transformational. Floor prices directly address the single greatest obstacle to upstream rare earth investment, the absence of transparent, reliable price signals.

Floor prices neutralized the impact of volatile and many would argue, deliberately suppressed Chinese benchmark prices that have long deterred long-term capital commitment to the sector.

We have significantly progressed our optimization and expansion activities. First phase ramp-up commences in quarter three this year towards a run rate of around 4,000 tonnes per annum of total rare earth oxides by year-end, while the second phase will be completed by the middle of 2027, with a total run rate of 6,400 tonnes per annum of total rare earth oxides, by the end of '27.

At the same time, we are investing in increasing the quality, and hence the value of our products. Further growth options are being evaluated with the potential to double run-of-mine production.

Serra Verde is already the most strategically significant producer of heavy rare earths, outside China. The growth pipeline ahead of us makes the investment case even more compelling.

Today's announcement is the culmination of a deliberate, strategic process to build an integrated mine-to-magnet rare earth business. Over the last years, we have evaluated numerous downstream opportunities and several potential partners in our quest to be part of an integrated mine-to-magnet platform.

In our assessment, Barbara and her team are building such a platform with the best-in-class at each link in the supply chain. We want to be part of the most competitive platform, and we could not be more excited to join the team, here at USA Rare Earth.

This combination is generally transformational for our company, for our industry and for Western supply chain security. We've spent five years building the foundation. We have the right assets,

the right team, the right financial backing, and now with this combination, the right partner to complete the value chain. This is the beginning of our next chapter, and we can't wait to get to work.

Now I'd hand over to Barbara.

Barbara Humpton

Thank you, Thras. As Thras so eloquently put it, this transaction goes well beyond simply buying a world-class operating asset. It's the product of a deliberate strategy to construct the world's premier earth platform. Between the operating capabilities and expertise that we've assembled across all of the links in the value chain, combined with the strategic vision of our leadership team, we're building the global champion, here at USA Rare Earth, and we will be one of the driving forces that help to guide the evolution of this industry, in the decades to come.

Now, I'm going to hand it over to Rob to discuss how the transaction will transform, accelerate and improve our financial profile in both the near and the long term. Rob.

Rob Steele

Thank you, Barbara. As you mentioned, this transaction is not only a crucial piece of our global value chain and strategic vision, but provides substantial enhancement and near-term certainty to USA Rare Earth's financial profile.

First, on the transaction structure. Under the terms of the definitive agreement, USA Rare Earth will acquire 100% of the Serra Verde Group for a total consideration of \$300 million in cash and 126.849 million shares of newly issued USA Rare Earth common stock. At our closing share price of \$19.95, as of April 17, this implies an equity value for Serra Verde of approximately \$2.8 billion. Upon closing, which we expect in the third quarter of 2026, subject to customary closing conditions and regulatory approvals, existing USA Rare Earth shareholders will own approximately 66% of the combined company with Serra Verde's legacy shareholders, including Vision Blue Resources, owning approximately 34%.

A primary objective of this combination was to establish a financial foundation with diverse sources of capital to fund our growth, through the end of the decade. Pro forma for the transaction and our pending non-binding LOI with the Department of Commerce, the combined company will benefit from a robust liquidity position of approximately \$3.2 billion.

Serra Verde specifically enters our portfolio, fully funded through to positive cash flow, backed by a dedicated \$565 million financing package from the DFC. In addition, Serra Verde arrives with a 100% offtake agreement with a special purpose vehicle capitalized by the U.S. government and private capital.

This agreement includes vital contractual price floors for all four light and heavy magnetic rare earths of \$110 per kilogram for NdPr, \$575 per kilogram for dysprosium, and \$2,050 per kilogram for terbium. This is the first such agreement of its kind in the industry and represents the only contractual price floors of any kind for heavy rare earths.

Beyond these price floors, we retain 70% of the shared upside when index prices exceed these levels allowing us to capture significant market premiums, while being insulated from dumping or predatory pricing tactics.

Now, moving to the earnings profile of the acquisition and of the combined company. Serra Verde is not only a transformational asset that dramatically accelerates our path to profitability, we have modeled the asset's near-term contribution under two distinct scenarios based on product delivery to the special purpose vehicle. If we deliver mixed rare earth carbonate under the offtake agreement, Serra Verde is expected to generate between \$300 million and \$400 million in annualized run rate EBITDA, by the end of 2027.

By utilizing our integrated separation capabilities to produce oxides, including through our partnership with Carester and our own plant facilities, we expect Serra Verde can achieve a significantly higher annualized run rate EBITDA of \$550 million to \$650 million, by the end of 2027. This oxide scenario is based on a Phase 1 life of mine production and an illustrative average total rare earth oxide basket price of approximately \$190 per kilogram.

Looking toward the end of the decade, our value chain, consisting of our upstream production at Serra Verde and Round Top, our midstream processing separation and metal-making and our downstream magnet making results in a high-margin, cash-generating powerhouse. By the end of 2030, the combined company is expected to generate approximately \$1.8 billion in annualized EBITDA with approximately 80% free cash flow conversion.

In summary, this acquisition is both a strategic fit and a financial accelerator that enhances our scale and capability to lead the Western rare earth market, for decades.

With that, I will hand the call back to the operator for Q&A.

Barbara Humpton

Thank you, Rob. Pardon me, Betsy, I just want to say a few words of wrapping, before we open it up for questions. Let's just reiterate what today means.

This transaction positions USA Rare Earth as the global leader in rare earth. We're building the most comprehensive, integrated and strategically positioned rare earth platform outside of Asia.

We have the assets, the technology, the government partnerships, the financial visibility, and now with this combination, the operational depth and the leadership team to deliver on that ambition. No other company in the West will have the robust capabilities and platforms that we are assembling. The world needs what we're building, and we're moving with purpose and urgency to deliver it.

And now, Betsy, we are ready for questions.

QUESTION-AND-ANSWER

Operator

We will now begin the question-and-answer session. To ask a question, you may press "*", then "1" on your touchtone phone. If you are using a speaker phone, please pick up your handset, before pressing the keys. To withdraw your question, please press "*", then "2". At this time, we will pause, momentarily, to assemble our roster.

The first question, today, comes from Neal Dingmann with William Blair. Please go ahead.

Neal Dingmann

Good morning and Barbara, congratulations for you and the team, quite an accomplishment. My first question, just on separation and processing around this. Specifically, Serra Verde continues to ramp, and you all talked about through Phase 2, which certainly seems great to get up to 6,400. Could you talk about will Carester handle most of this, or could you talk about just how the separation and processing of all that ramping material will be handled?

Barbara Humpton

Yes, happy to address this. And as we pointed out, this is the pinch point in the whole supply chain, right now. And thankfully, we now have optionality.

So, the Pela Ema mine has been producing MREC. There is on-site separation capability beginning there. The mine itself has provided MREC not only to us, we have actually -- our team on Wheat Ridge has taken sample amounts of that material and has proven our ability to, successfully, celebrate those magnetic elements that are so desired by the industry. And I believe that Serra Verde has also worked with other potential processors.

It's important for us to be supporting the expansion of the processing link in the chain. I'll share with you that when USA Rare Earth made a visit, one of the first due diligence visits, Carester came along as a partner and was part of the -- I'll say, the expertise base that helped us understand the true value of the asset.

So yes, I expect that Carester can play an important role. I look forward to having our own team at Wheat Ridge actively engaged. But then likewise, I think for us, it's up to us to manage the optionality.

Anything you would add to Neal's question.

Thras Moraitis

No, I would say that there are a number of companies building these separation facilities in the U.S. and elsewhere. And so, we believe our product will be processed through these facilities. Naturally, the preference would be for us to process through our own facility, and that's obviously one of the strategic targets that we have for the combined entity.

Barbara Humpton

Yes, so stay tuned, more work to be done.

Neal Dingmann

Awesome. And then, one more if I could just follow up on the second question on that 15, which I think is very a positive 15-year offtake agreement. Well, I know that Serra Verde previously had secured the \$565 million financing with the U.S. IDFC. Did Serra Verde previously have any offtake agreement in place? Was this something that just came in with part of this deal? Maybe talk a bit because I think this is so strategic, I would love to hear more kind of how this came to be.

Thras Moraitis

Yes, historically, we've been supplying our product to China, largely because of the lack of separation capability outside of China, as you can appreciate. But as we became more and more involved with the U.S. government, initially through the mineral strategy partnership and also then subsequently through the DFC funding, it became clear that our product would find its way into the U.S. market at some point. Our Chinese contracts, in any case, were due to expire by the end of this year, so that's no longer an issue for us.

And so, then we set about negotiating these offtake agreements with the SPV that the government has financed, together with some private parties. And one of the primary objectives of the negotiation, apart from the long-term offtake agreement, was really to secure these floor prices.

And the reason is, as I mentioned earlier in my introduction, as you can appreciate the traditional benchmark price that has been used by customers over the last couple of decades is the Chinese benchmark price. And I think we all know that that's not necessarily representative of the market outside of China nor of the cost of actually building new plants. And so, it was not possible using the Chinese reference price to incentivize new production, upstream.

And therefore, the offtake agreement that we've agreed is designed explicitly to address this particular issue, firstly, by setting floor prices, which would incentivize new investments. So it's not really just about us, it's about the industry as a whole.

And secondly, a long-term offtake arrangement, which gives you the stability to be able to invest in confidence. So that was the backdrop to the offtake agreement.

Neal Dingmann

Thank you for that. Thank you, Barbara.

Operator

The next question comes from George Gianarikas with Canaccord Genuity. Please go ahead.

George Gianarikas

Hi, good morning, everyone. Thank you for taking my questions, and Congratulations. So maybe to dig in a little bit into the numbers. You've accounted for, I think, 164 tons of Dy, 29 tons of Tb and 1,534 tons of yttrium. So I'm wondering if you can sort of give us an anticipated mix of NdPr as well, in terms of full separation by the end of 2027, just for our models?

Rob Steele

Yeah, NdPr represents about 20% to 22% of the overall production basket. It's around 1,700 to 1,800 tons of separated NdPr.

George Gianarikas

Thank you. And maybe just strategically, can you maybe expand upon how you expect this asset to complement Round Top? Thank you.

Rob Steele

Yeah, I mean, it complements Round Top in a number of ways. First and foremost, it provides an immediate source of lights and heavies into our production, particularly as we think about processing oxides. Two, it dramatically accelerates our EBITDA and cash flow by bringing that in several years, as well. So if you think about those two characteristics, it basically allows us to feed our metal and alloy making and our magnet making through the SPV, and it brings in cash flows and financial security to USA Rare Earths.

George Gianarikas

Maybe just a follow-up to that. Will the magnet and metal making facilities have to buy directly from the SPV? What are the mechanics of that relationship? Thank you.

Rob Steele

Yeah, so the SPV is currently being stood up, and it's going to ultimately be selling -- as you can imagine, there's significant demand for this product because it will be the only large-scale non-China production of lights and heavies when it comes online, so there's significant demand for it. The SPV will be selling to the most capable players in the United States and in Europe. And given our capabilities, producing, standing up the largest production of metal and alloy making and one of the largest metal making or magnet making capabilities, we expect and we should be one of the largest off-takers from the SPV.

Barbara Humpton

But can I just interject? I mean, here's one of the key things that everybody should understand. We are going to be a major supplier to all the other players in the industry. We understand that. It's a huge responsibility, but it's our intent, and we've said this right from the beginning, to be the partner of choice, helping the whole industry scale.

George Gianarikas

Thanks, all. Congrats.

Thras Moraitis

Thank you.

Barbara Humpton

Thanks, George.

Operator

The next question comes from Suji Desilva with ROTH Capital. Please go ahead.

Suji Desilva

Good morning, Barbara, Thras, Rob, Congrats on the transaction here. You talked in the press release about some milestones for the further access to liquidity. Can you clarify what some of those are down the road that we should be watching for?

Rob Steele

And you're talking about the Department of Commerce agreement, Suji, am I correct?

Suji Desilva

Correct. Yes.

Rob Steele

Yeah, so the milestones are, as we've talked about in the past, which are the natural ramp-up of our capabilities across the magnet making, metal making and for the mine, itself. And so, for the mine, which is Round Top, it's things like getting through our definitive feasibility study and beginning in things like, down the road, beginning our production.

For magnet making, it's things like getting into Phase 1 of our commissioning, which we've already accomplished, and achieving initial commercial success. And then for metal making, similarly, it's beginning to stand up our capability in the United States. So it's all things like that. And the spending related to that, that ultimately ties into the DOC funding.

Suji Desilva

Okay. Thanks, Rob, that's helpful. And then perhaps for Thras, maybe your past experience with Xstrata, copper, nickel, can you contrast that opportunity versus this one, the challenges and maybe even what's even more exciting about this opportunity?

Thras Moraitis

Yeah, I think that they are obviously very different industries in terms of scale. But I think this is a very, very different industry with unique challenges. It's obviously a much smaller industry. It's an industry that's been underappreciated for decades, until there was this recognition that the Chinese had a stranglehold and these were very critical materials for future-facing technologies. And as a result, most of the operations were subscale. They were underinvested in. And the major players don't play in this industry because they couldn't find a way to build scale.

And so, it really was an industry that was sorely lacking in a combination of capital capability and also a coordination along the value chain. So, quite different in that sense. And this is, herein lies the opportunity, I think, for us, which is by bringing to bear all of those things that I've mentioned, we have the opportunity to build something that becomes a platform that's mature, that's stable, that is self-sustaining and starts to look more like these mature industries that you mentioned earlier.

Suji Desilva

Thanks, Thras. Thanks, everybody.

Operator

The next question comes from Derek Soderberg with Cantor Fitzgerald. Please go ahead.

Derek Soderberg

Yeah, good morning, everyone, thanks for taking the questions. My understanding is that you guys were required to do an additional fund, a round of funding, equity funding. I think it was \$600 million as part of the U.S. government arrangement. Does the Serra Verde deal alleviate that need?

Rob Steele

No, it does not. We'll still be required to raise additional capital as part of our DOC transaction.

Barbara Humpton

Yeah, I'll remind everybody what the -- think about this as the combination of two massive component parts, each with its own standing business case. And so, our goal here is to continue to scale across all these operations. This is a strategic story, as well as a story of execution. And the plans we put forward for the Department of Commerce deal have a very clear set of milestones. Serra Verde has a very clear set of milestones. And it's going to be exciting for investors to follow along with us, as we accomplish our major objectives in the coming quarters.

Derek Soderberg

Got it. That's helpful. And on the 80% free cash flow conversion rate, I think you said by 2030, how does that compare to industry benchmarks for other producers? Do you guys have to initiate some cost reductions? Can you talk about how do you sort of get there and how that might compare to others in the industry? Thanks.

Rob Steele

Yeah, so I think the important point to note is, by the time we get to 2030, all of our major CapEx spend will have been completed for over 12 months. And essentially, we'll be doing maintenance

CapEx at all of our facilities. Because we're only at maintenance CapEx and because these are extremely high-margin businesses, so for example, Serra Verde is well north of 75% EBITDA margin, there is a significant free cash flow conversion. So the key is, once you get these things up and running, they produce very strong margins.

Derek Soderberg

Super helpful. Thanks, everyone.

Operator

As a reminder, if you would like to ask a question, please press "*", then "1" to join the question queue. The next question comes from Subash Chandra with Benchmark Company. Please go ahead.

Subash Chandra

Thanks, and congratulations. So the first question is, considering the EBITDA uplift on integrating the separations through Carester and maybe mineralization through LCM, how much product are you assuming running through your integrated operations?

Rob Steele

Yeah, so right now, as you think about production of MREC, obviously, 100% of that product will be sold to the SPV. As we stand up our oxide production, then 100% of our separation capability into oxide will be run through our company or through assets that we have joint ventures in or control into the SPV. And then because we're going to be a significant producer of metal and alloy going forward, our expectation is it will be a substantial portion of the SPVs offtake.

Barbara Humpton

This gives me a good opportunity, though, to highlight a feature of what we're building here. If you look at upstream, mining and processing, midstream metal making and downstream magnet making, what you'll see is that this isn't a simple verticalized supply chain. Every link in this chain has the potential to serve multiple markets, customers. Every single link has its own business case and can thrive on its own two feet.

And so, look for the mining assets that we have, for instance, to be feeding the energy industry in addition to magnet making. But the beauty of this is that because we have these assets under management, we're able to forecast and predict demand across this chain, and we can make sure that our leaders in each case are scaling with confidence. The #1 thing that needs to happen in this marketplace is to rapidly scale. And so, the attractive investment opportunity here, the confidence we have, the support we have through the price floors, all of that is supporting the growing marketplace outside of China and allows us to break that stranglehold. So here's our opportunity.

Subash Chandra

Right. Yes. Just judging from the slides, it doesn't look like there's any yttrium value in the 190 per kg blended. Is that a correct assumption? And if you were to be able to monetize yttrium, would that be a substantial uplift?

Rob Steele

Yeah, so, yttrium is a part of the uplift associated with the 550 million to 650 million. That is in the basket of 190 a kilogram.

Subash Chandra

Oh, okay, great, thank you.

CONCLUSION

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Barbara Humpton for any closing remarks.

Barbara Humpton

I want to thank everyone for joining us, today. This has been a really exciting day for us at USA Rare Earth. And Thras, welcome to you and the Serra Verde team to our platform, and let's go make it all happen. Bye all.

Rob Steele

Thanks, everybody.

Thras Moraitis

Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.