



MP Materials Green Financing Framework

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Introduction and Background

Company Overview

MP Materials owns and operates the Mountain Pass facility, one of the world's largest integrated rare earth mining and processing facilities and the only major rare earths resource in the Western Hemisphere. Our wholly-owned subsidiary, MP Mine Operations LLC, a Delaware limited liability company ("MPMO"), acquired the Mountain Pass mine and processing facilities in July 2017. Our wholly-owned subsidiary, Secure Natural Resources LLC, a Delaware limited liability company ("SNR"), holds the mineral rights to the Mountain Pass mine and surrounding areas as well as intellectual property rights related to the processing and development of rare earth minerals. Since acquiring Mountain Pass, we have implemented a disciplined operating approach that has produced superior product output and performance compared to that of the prior ownership. We are now beginning the further optimization of the facility to enable integrated separation operations, thereby ensuring upstream supply of rare earth oxides ("REO") and setting a foundation for long-term growth and value creation for stakeholders.

Our "Stage II" optimization process is focused on advancing from concentrate production to the separation of individual REEs. Engineering, procurement, preliminary construction and other recommissioning activities are underway and involve upgrades and enhancements to the existing facility process flow to produce separated REEs more reliably, at significantly lower cost and with an expected smaller environmental footprint per volume of REO produced than the prior operator of the Mountain Pass facility.

In the longer term, following our completion of the Stage II optimization plan, we believe we will then be in a position to consider opportunities to integrate further downstream into the business of upgrading NdPr into metal alloys and magnets, ultimately expanding our presence as a global source for rare earth magnetics. We also believe integration into magnet production would provide some protection from commodity pricing volatility, while enhancing our business profile as the producer of a critical industrial output in addition to a producer of resources. We expect these "Stage III" downstream opportunities to be driven by geopolitical developments, including bringing critical rare earth mining and refining production capability to the United States, as well as the restoration of the full U.S. magnetics supply chain.

Our mission is to maximize shareholder returns over the long-term by executing a disciplined business strategy to re-establish a secure and sustainable domestic supply chain for critical sectors of the modern global economy.

REO will play a critical role in enabling the global expansion of sustainable industries like EVs and alternative energy solutions, but we also believe that governments, investors and our customers will increasingly demand that REO be produced sustainably. For example, current prevalent practices for extracting REO from hard rock utilize a wet tailings process that requires excessive groundwater usage and poses significant environmental and safety risks. We are differentiated among many large REE producers in our use of a dry tailings process, which allows recycling of the water used in our milling and flotation circuit and eliminates the need for high-risk wet tailings ponds and traditional impoundment dams. As part of our two-stage optimization plan to restore fully integrated development of REO, we are

designing what we believe to be additional environmentally responsible production methods into our process that we believe will enable us to achieve best-in-class sustainability. While sustainable production processes can be more costly than traditional mining and processing approaches, we believe the high ore grade at Mountain Pass combined with our scale will enable us to make these investments and still achieve our objective of being a low-cost producer.

We believe our Company advances 11 of the United Nations' 17 Sustainable Development Goals, across environmental areas including clean energy and sustainable mining, as well as social areas including ownership culture, employee empowerment and securing of strategic resources.

Overall, we believe the trends toward onshoring of supply chains, protection of U.S. national interests in vital industries and heightened focus on sustainable production and investing support our unique opportunity to become a lower-risk solution for customers in Western and allied nations for the supply of critical rare earth materials.

Electric Vehicle Market Opportunity

NdPr magnets are critical components in permanent magnet traction motors, the dominant EV motor technology with a more than 90% market share among leading automotive original equipment manufacturers ("OEMs"). EVs are primarily differentiated from vehicles powered by internal combustion engines by their rechargeable power sources and their electric motors. While the EV battery market is evolving, with multiple approaches to battery composition, in EV motors NdPr magnets are already the widely accepted technology standard. NdPr magnets are superior to other types of magnets for this application due to their unequalled efficiency in converting energy into motion with a superior energy-to-weight ratio versus alternatives.

According to research by CRU, annual production of EVs is expected to grow eightfold between 2019 and 2035. Given the intensity of NdPr's use in permanent magnet traction motors, CRU estimates that EV production alone would consume nearly 100% of today's annual global production of NdPr, versus consuming just 9% in 2019. Global EV production will not be able to meet this expected increase in demand without an additional, stable supply of NdPr.

Wind Turbine Opportunity

NdPr magnets also are a key component of direct-drive wind turbines, which are gaining market share in wind power installations. The use of rare earth magnets eliminates the need for a gearbox in the wind turbine, making them lighter, cheaper, more reliable, easier to maintain, and capable of generating electricity at lower wind speeds. The wind turbine market is anticipated to account for approximately 28.8% of the global growth in the use of NdPr in rare earth magnets from 2020 to 2030, according to CRU. Every MW of direct-drive wind power installed generates approximately 650kg of incremental NdPr demand.

According to CRU, the anticipated rapid increase in demand for rare earth products, particularly NdPr, has the potential to cause supply shortages within the next few years. As EVs, wind turbines and other advanced applications generate an increasing percentage of global GDP, we believe individual nations and enterprises will require a competitive, diversified and reliable supply chain for REO. We believe that our onshoring of a North American supply chain for REO will help meet the demand for EVs and other emerging industries while lowering single point-of-failure risk.

Sustainability in Operations

Mountain Pass is a state-of-the-art rare earth facility operating with what we believe to be best-in-class environmental standards. Our paste tailings process—where waste from beneficiation is de-watered and that water is recycled back into the process, allowing the remaining solids to be deposited into a lined impoundment—dramatically reduces water consumption, the risk of seepage issues and our environmental footprint and eliminates the need for “tailings ponds” often associated with mining operations that can present a higher risk than paste disposal. Upon the potential restart of our chlor-alkali facility, we expect to consume waste brine from the separations process to produce the key reagents used in separation and finishing. We expect this “closed loop” process will reduce third-party reagent consumption, reduce processing or disposal costs of brine, and further reduce our environmental impact. As global industry increasingly considers and works to reduce the environmental impact of operations—and while consumers increasingly understand the “net” environmental impact of adopting green technologies—we believe our sustainable process for producing key materials for the clean-energy economy is a distinct advantage.

According to independent research conducted by the Institute of Energy and Climate Research of the German government research center Forschungszentrum Jülich, rare earth production from the Mountain Pass deposit “demonstrates superiority... in terms of environmental effects” compared to the Mount Weld deposit in Australia and the Bayan Obo deposit in China. The research studied the impact of rare earth production on environmental categories including climate change, freshwater ecotoxicity and particulate matter formation.

Social Responsibility

MP Materials is a socially responsible company committed to our employees and communities. Since relaunching production at Mountain Pass in July 2017, MP Materials has increased fulltime employee base from eight contractors in 2017 to over 300 employees today. Consistent with its owner-operator mentality, MP issued stock awards to every employee upon its public listing. Additionally, MP Materials anticipates hiring approximately 200 additional full-time employees as part of their Stage II optimization plan. MP Materials has job outreach programs throughout San Bernadino county, the site of the Mountain Pass facility. MP Materials is committed to health and safety and maintains an excellent track record.

MP Materials intends to track and report key sustainability metrics, including greenhouse gas emissions, air quality, energy, water, and waste & hazardous materials management, biodiversity impacts, and workforce health and safety.

Green Financing Framework

Scope

In accordance with its strategy, MP Materials (the “Company”) has designed this Green Financing Framework (“the Framework”) under which it intends to finance or refinance new and/or existing projects, in whole or in part, that have environmental benefits, and may also have social co-benefits. This Framework details which project types are eligible for financing / refinancing with the net proceeds of various types of financing. Under this Framework, the Company may issue financial instruments called Green Bonds, Green Convertible Bonds, Green Loans, or other financial instruments (each, a “Financing”).

This Framework addresses the four core components (shown below) of the International Capital Markets Association (ICMA) Green Bond Principles (2018) and the LSTA Green Loan Principles (2020) and their recommendations on the use of external review and impact reporting. These principles are voluntary process guidelines for best practices when issuing Green Bonds and/or Green Loans:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

Use of Proceeds

For each Financing under this Framework, an amount equal to the net proceeds, after payment of the estimated offering expenses and the underwriting discount, will be allocated to the Financing, in whole or in part, of existing and new Eligible Green Projects (as defined below). Allocations may be to investments or expenditures by the Company and its subsidiaries.

Eligible Green Projects

“Eligible Green Projects” include new and existing investments and expenditures made by us during the period from 36 months prior to the date of any Financing through the maturity date of the Financing.

GBP Category	Eligibility Criteria
Sustainable Water Management	Investments to minimize fresh water consumption or promote water recycling
Energy Efficiency	Investments to minimize energy use in operations, excluding those related to consumption of fossil fuels for the purpose of power generation
Renewable Energy	Investments related to new wind or solar renewable energy projects, such as acquisition or development of new onsite or offsite generating capacity and purchases of renewable energy under long term contracts
Eco-efficient Products	<p>Development, operation and maintenance of MP Materials’ (i) facilities dedicated to the future extraction and processing of NdPr, corresponding to Stage II of MP Materials’ development plan, (ii) facilities dedicated to the future extraction and processing of heavy rare earths and/or the recycling of rare earths. Eligible investments will be determined based off the proportion of the end products MP Materials expects to be used in the Clean-Energy and Transportation Technologies, High-Technology Applications, and LED lighting segments.</p> <p>Investments consistent with MP Materials’ Stage III development plan which enable production of finished products with specific end uses in:</p> <ul style="list-style-type: none"> • Clean energy technologies, such as: generators in wind power turbines

	<ul style="list-style-type: none">• Clean transportation technologies, such as: traction motors in EVs & HEVs and linear motors in mag-lev trains• Essential industrial infrastructure: LED lighting
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Process for Project Evaluation and Selection

MP Materials will establish a dedicated team governing the selection and monitoring of the Eligible Green Projects. The dedicated team will include members of the finance, technical, operations, EH&S and legal teams.

The dedicated team will actively solicit recommendations and ideas for Eligible Green Projects, and before Eligible Projects are approved, the dedicated team will screen and assess that the Eligible Green Projects meet the eligibility and exclusion criteria. The dedicated team will annually review the list of Eligible Green Projects against the eligibility and exclusionary criteria.

All projects will be developed in accordance with the Company's environmental and social risk management guidelines.

Management of Proceeds

So long as a Financing remains outstanding our internal records will show, at any time, the amount of the net proceeds from the issuance of such Financing allocated to Eligible Projects, as well as the amount of net proceeds pending allocation.

An amount equivalent to the net proceeds from any future Financing under this Framework will be allocated and managed by the Company's Treasury department. Actual spend on Eligible Green Projects will be internally tracked. Pending allocation, proceeds will be managed in accordance with the Company's normal liquidity practices, including for the payment of outstanding indebtedness and other capital management activities.

Payment of principal of and interest on a given Financing will be made from the Company's general funds and will not be directly linked to the environmental or financial performance of any Eligible Green Projects.

Reporting

During the term of a given the Financing we will provide, and keep readily available, on a designated webpage, information on the allocation of an amount equal to the net proceeds of the Financing, to be updated at least annually until full allocation. This information will include, subject to any confidentiality considerations, (i) amounts allocated to Eligible Green Projects, by category, (ii) the amount pending allocation, and (iii) assertions by the Company's management with respect to (i) and (ii) above. In the first report published after proceeds are fully allocated, the allocation report and management assertion will be accompanied by a report from an independent accountant in respect of the independent accountant's examination of management's assertion.

Key Performance Indicators (KPIs): Where feasible, the Company will report estimated environmental impacts (on an annual basis where relevant) of Eligible Green Projects to which a portion of the net proceeds of a Financing under this Framework are allocated. Impacts will be allocated based on the pro-rata share of Eligible Green Projects financed by each Financing.

Potential KPIs could include those shown below. The Company reserves the right to report alternate KPIs to the extent relevant for allocated Eligible Green Projects.

- Greening Ops: estimated annual water / energy savings, estimated annual CO2 avoided
- Production: increase in annual production capacity; equivalent amount of EVs, wind energy capacity, and/or LED lighting enabled

Definition, calculation, and reporting of KPIs will be at the sole discretion of the Company.

External Review

Verification

Upon full allocation of an amount equal to the net proceeds of each Financing, the Company will request an assurance report of the allocation of the Financing to Eligible Green Projects from an independent registered public accounting firm in respect of its examination of management's assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.