MP MATERIALS

# First Quarter
# 2021 Results

May 6, 2021

# Safe Harbor

This presentation contains certain statements that are not historical facts and are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of the words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," “will," "target," or similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of other financial and performance metrics and projections of market opportunity.

These statements are based on various assumptions, whether or not identified in this presentation, and on the current expectations of MP Materials Corp.’s (“MP Materials” or “MP”) management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and must not be relied on by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of MP Materials. These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political and legal conditions; failure to realize the anticipated benefits of the business combination; risks relating to the uncertainty of the projected financial information with respect to MP Materials; risks related to the rollout of MP Materials’ business strategy and the timing of expected business milestones; risks related to MP Materials’ arrangements with Shenghe; the effects of competition on MP Materials’ future business; risks related to political and macroeconomic uncertainty; the impact of the global COVID-19 pandemic on any of the foregoing risks; and those factors discussed in MP Materials’ Annual Report on Form 10-K filed on March 22, 2021 and MP Materials' Prospectus Supplement filed on March 25, 2021, under the heading "Risk Factors," and other documents to be filed by MP Materials, with the SEC.

If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that MP Materials does not presently know or that MP Materials currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect MP Materials’ expectations, plans or forecasts of future events and views as of the date of this presentation. MP Materials anticipates that subsequent events and developments will cause MP Materials’ assessments to change. However, while MP Materials may elect to update these forward-looking statements at some point in the future, MP Materials specifically disclaims any obligation to do so, unless required by applicable law. These forward-looking statements should not be relied upon as representing MP Materials’ assessments as of any date subsequent to the date of this presentation. Accordingly, undue reliance should not be placed upon the forward-looking statements.

# Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, such as Adjusted EBITDA, Adjusted Net Income (Loss), Total Value Realized, Production Costs, Free Cash Flow, Normalized Stage I Free Cash Flow, and Adjusted Operating Cash Flow, which have not been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

We define Adjusted EBITDA as our GAAP net income or loss before interest expense, net; income tax expense or benefit; and depreciation, depletion and amortization; further adjusted to eliminate the impact of stock-based compensation expense; transaction-related and other non-recurring costs; non-cash accretion of asset retirement and environmental obligations; gain or loss on sale or disposal of long-lived assets; royalty expense to SNR; tariff rebates; and other income or loss, net. Adjusted Net Income (Loss) is defined as our GAAP net income or loss excluding the impact of depletion; stock-based compensation expense; transaction-related and other non-recurring costs; royalty expense to SNR; tariff rebates; and other income or loss, net; adjusted to give effect to the income tax impact of such adjustments. Total Value Realized, which we use to calculate realized price per REO MT, is defined as our product sales adjusted for (x) the revenue impact of tariff-related rebates from Shenghe on account of prior sales, (y) in connection with our sales of REO to Shenghe between July 1, 2019, and June 5, 2020, the Shenghe Implied Discount, and (z) sales of legacy stockpiles. The Shenghe Implied Discount is equal to the difference between (i) Shenghe's average realized price, net of taxes, tariffs and certain other agreed-upon charges (such as one-time demurrage charges) on our products once sold to their ultimate customers and (ii) the amount of revenue we recognized on the sales of those products to Shenghe for sales between July 1, 2019, and June 5, 2020, which includes a non-cash portion. Realized price per REO MT is calculated as the quotient of: (i) our Total Value Realized for a given period and (ii) our REO sales volume for the same period. Production Costs, which we use to calculate production cost per REO MT, is defined as our cost of sales (excluding depreciation, depletion and amortization), less costs attributable to sales of legacy stockpiles, stock-based compensation expense included in cost of sales (as opposed to general and administrative), and shipping and freight costs. Production cost per REO MT is calculated as the quotient of: (i) our Production Costs for a given period and (ii) our REO sales volume for the same period. We define Free Cash Flow as net cash provided by or used in operating activities less additions of property, plant and equipment. Normalized Stage I Free Cash Flow is defined as Free Cash Flow plus (i) the non-cash portion of revenue from sales to Shenghe (i.e., Offtake Paydown), (ii) growth capital expenditures, and (iii) expenditures for transaction-related and other non-recurring costs. We define Adjusted Operating Cash Flow as net cash provided by or used in operating activities plus the non-cash portion of revenue from sales to Shenghe. You can find the reconciliation of these measures to the most directly comparable GAAP measures in the Appendix.

MP Materials' management uses Adjusted EBITDA, Adjusted Net Income (Loss), and other non-GAAP financial measures to compare MP Materials' performance to that of prior periods for trend analyses and for budgeting and planning purposes. MP Materials believes Adjusted EBITDA and Adjusted Net Income (Loss) provide useful information to management and investors regarding certain financial and business trends relating to MP Materials' financial condition and results of operations. MP Materials believes that the use of Adjusted EBITDA and Adjusted Net Income (Loss) provide an additional tool for investors to use in evaluating projected operating results and trends. MP Materials believes realized price per REO MT, which utilizes the non-GAAP financial measure, Total Value Realized, is an important measure of the market price of the Company's product. Furthermore, MP Materials believes production cost per REO MT sold, which utilizes the non-GAAP financial measure, Production Costs, is a key indicator of the Company's production efficiency. We believe Free Cash Flow, Normalized Stage I Free Cash Flow, and Adjusted Operating Cash Flow, are useful for comparing our ability to generate cash with that of our peers. Free Cash Flow is not meant to be considered in isolation or as an alternative to cash flows from operating activities and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. MP Materials' method of determining these non-GAAP measures may be different from other companies' methods and, therefore, may not be comparable to those used by other companies and MP Materials does not recommend the sole use of these non-GAAP measures to assess its financial performance. Management does not consider non-GAAP measures in isolation or as an alternative or to be superior to financial measures determined in accordance with GAAP. The principal limitation of non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in MP Materials' financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures.

# First quarter highlights

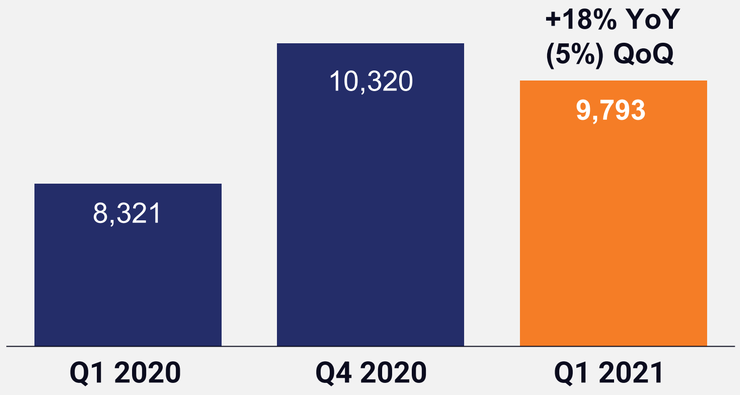
- **Achieved record first quarter production and sales volumes**
- **Low-cost position demonstrated in record financials**
  - Revenues tripled YoY to $60M; up 42% sequentially
  - Adjusted EBITDA up more than 6x YoY to $33M; up 84% sequentially
  - Adj. EBITDA margin up 32pts YoY to 57.0%; up 14pts sequentially
- **Completed $690M Green Convertible Notes offering**
  - Largest Green Convertible in U.S. to date[1]
  - Indication of our commitment to sustainability
  - $1.2B of cash on balance sheet to execute long-term strategy
- **Stage II on track and Stage III accelerating**



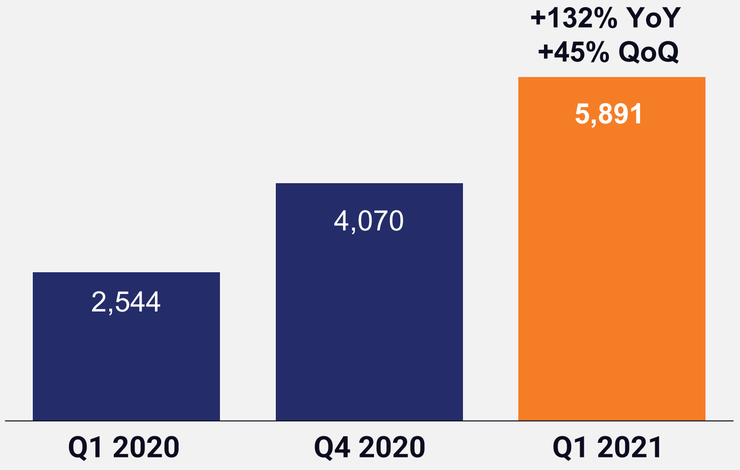
1. Per Bank of America research

# Continued operational execution

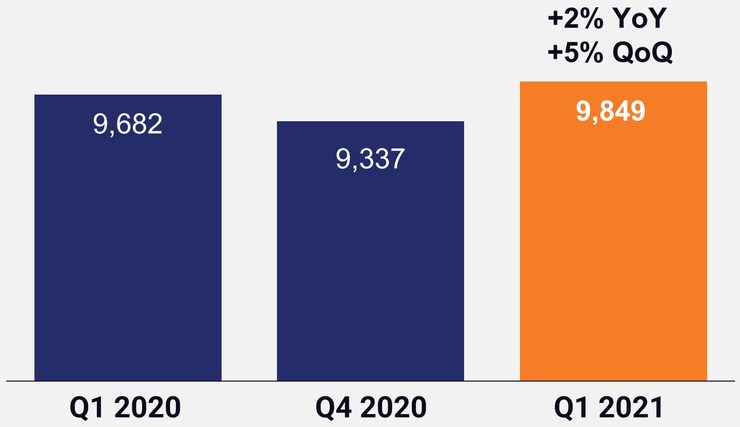
2020 2021



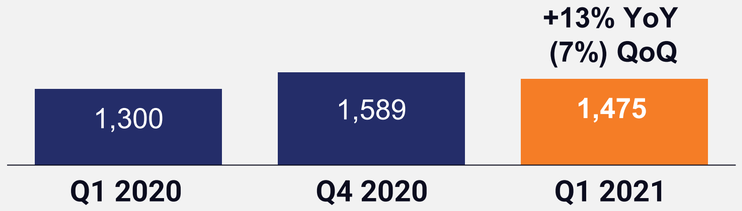

REO Sales Volumes (MT)




Realized Price[1] ($/MT REO)




REO Production Volumes (MT)




Production Cost[2] ($/MT REO)



1. See Appendix for calculation of realized price per REO MT, which includes the non-GAAP financial measure, Total Value Realized. See Appendix for a reconciliation of Total Value Realized (non-GAAP) to Product sales (GAAP).
2. See Appendix for calculation of production cost per REO MT, which includes the non-GAAP financial measure, Production Costs. See Appendix for a reconciliation of Production Costs (non-GAAP) to Cost of sales (GAAP).

# Stage II update

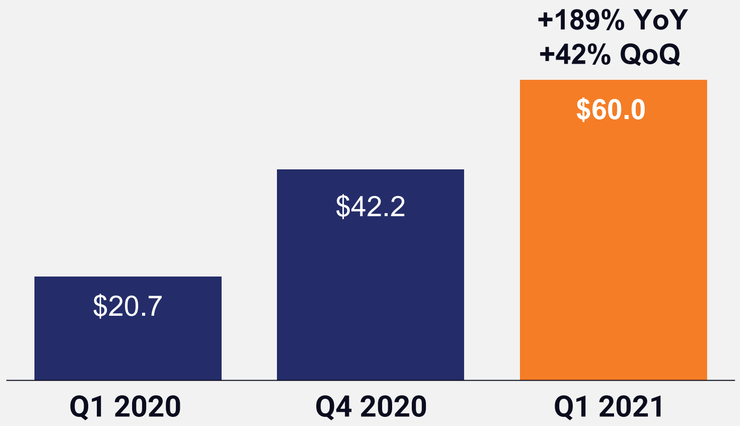
- **Stage II: Construction in full swing**
  - Completed pre-civil site work early in quarter: grading, line relocations and demolition of legacy equipment
  - Foundation work for critical new equipment in progress
  - Fabrication of roaster nearly complete with expected near-term delivery
  - Fabrication of salt crystallizer nearly complete with key portions delivered

# Financial Overview

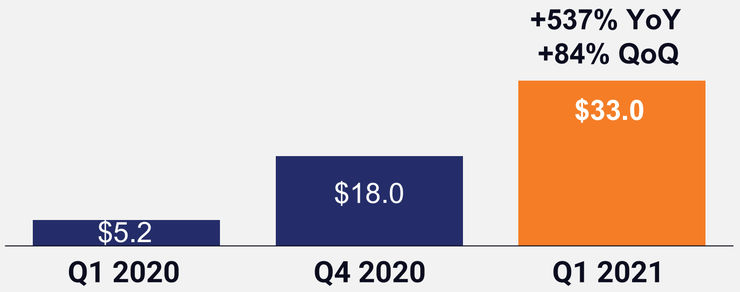
# Rapid revenue & earnings growth

2020 2021

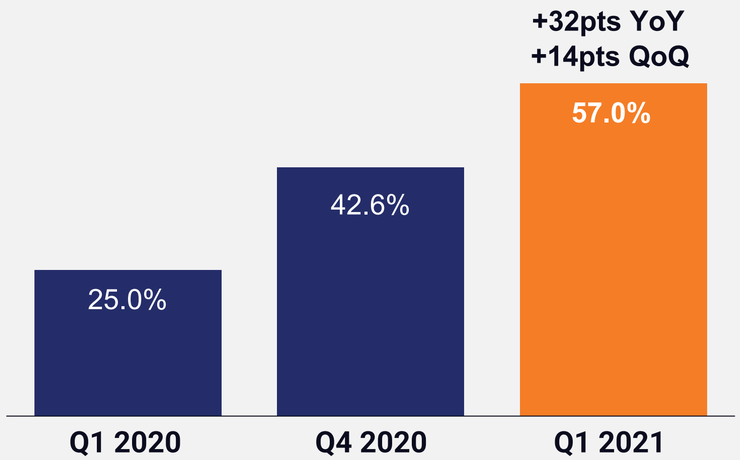
## Comparable Financial Metrics—Sequential and Year-over-Year[1]



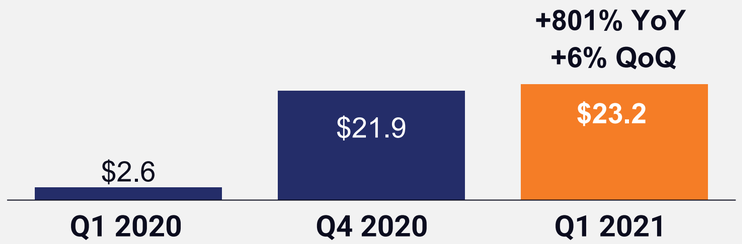

Revenue




Adjusted EBITDA[2]




Adjusted EBITDA Margin[3]




Adjusted Net Income[2]

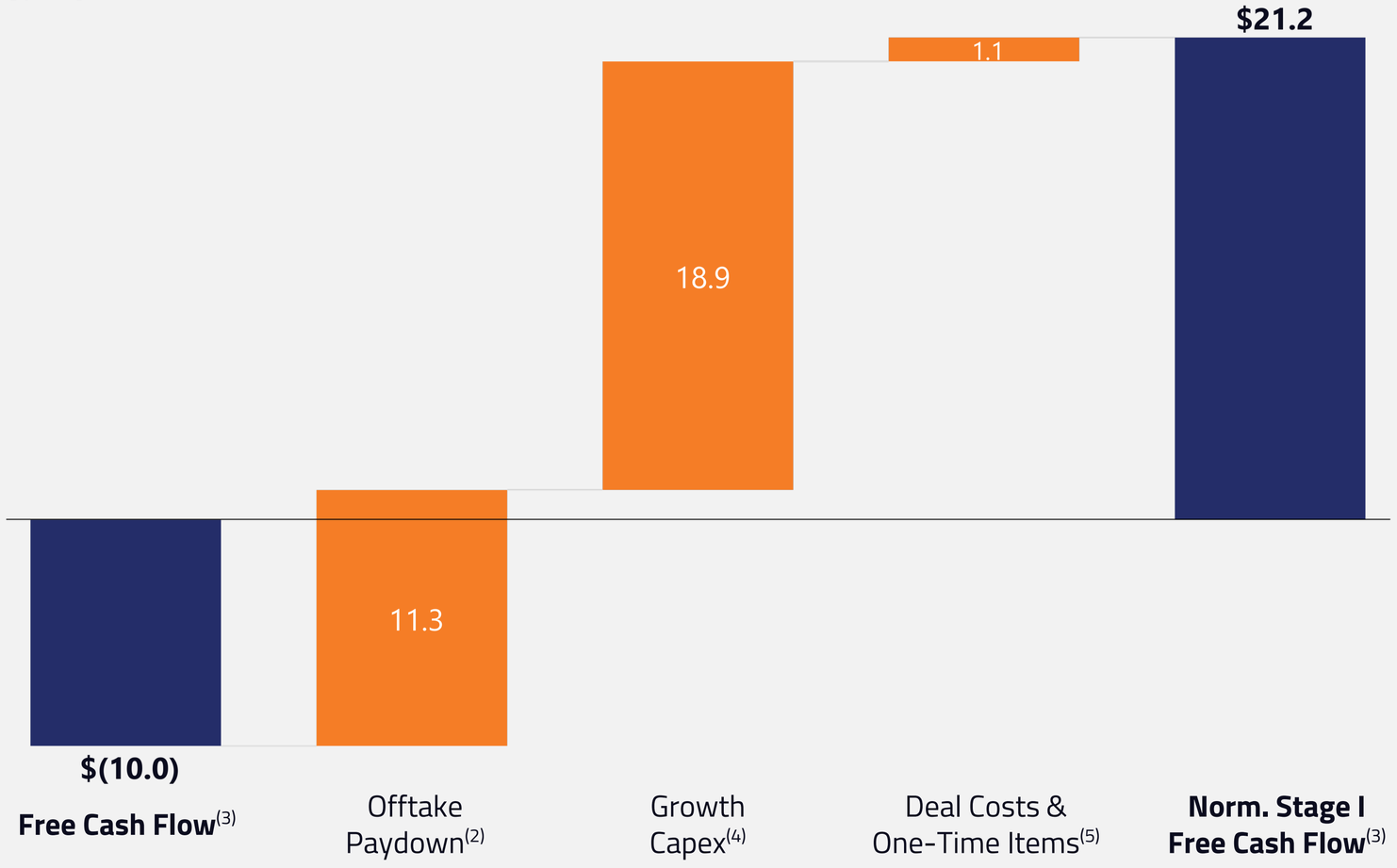


1. All figures in millions except for margins
2. See Appendix for reconciliation of Adj. EBITDA and Adj. Net Income (Loss) to the most directly comparable financial measure prepared in accordance with U.S. GAAP
3. Q1 2021 Adj. EBITDA Margin calculation excludes $2.1M of out-of-period tariff refund recognized in revenue but removed from the calculation of Adjusted EBITDA

# Significant Stage I free cash flow

- Normalized Stage I Free Cash Flow of $21.2M or 35.4% of sales[1]
- $11.3M of Offtake Paydown reflected as reduction of GAAP operating cash flows[2]
- Growth capex is primarily Stage II Optimization spending, costs for recommissioning, and CHP-related capital spending

**Q1 2021 Reported FCF to Normalized Stage I FCF Bridge ($M)**






1. Defined as Normalized Stage I Free Cash Flow as a percentage of Product sales
2. Reflects the reduction in the Shenghe Offtake balance. See Appendix for further details on the U.S. GAAP treatment of the offtake paydown.
3. See Appendix for reconciliation of Free Cash Flow and Normalized Stage I Free Cash Flow to the most directly comparable financial measure prepared in accordance with U.S. GAAP
4. Growth Capex consists primarily of: (1) Stage II engineering, construction, progress payments and other costs; (2) capitalized plant recommissioning expenses; and (3) CHP and water treatment plant related recommissioning expenses
5. Deal Costs & One-Time Items consists primarily of costs related to the secondary equity offering, which was completed contemporaneously with an offering by the Company of green convertible senior notes (the "Convertible Notes") in March 2021

# Capitalization update

- Raised $672.3M of net proceeds in Green Convertible Notes offering
- Gross cash balance of ~$1.2B
- Shenghe Offtake Advance balance of $60.4M
  - Reduced balance $11.3M quarter-over-quarter from paydown via recoupment and tariff refund
- Announced redemption of warrants through net share settlement; reduces max dilution by 2.4% of shares outstanding

*In millions, except shares and per share data*

| | | |
|---|---|---|
| **Adj. Diluted Shares Outstanding[1]** | | **178,310,790** |
| Share price (close 5/5) | | $31.49 |
| **Market Capitalization** | **$** | **5,615.0** |
| (Cash) | | (1,181.5) |
| Financial Debt[2] | | 705.0 |
| Shenghe Offtake Advances | | 60.4 |
| **Enterprise Value** | **$** | **5,198.9** |



1. Calculated as total shares outstanding as of 5/1 of 170.7M; plus 0.4M restricted stock unit awards outstanding as of 5/1; plus 7.2M shares to be exchanged in the warrant redemption
2. Includes $693.4M of face value of long-term debt plus $11.6M of equipment notes recognized in other current and long-term liabilities

# Western champion of the electrification and sustainability revolution

- **Collocated, world-class asset**
  - Quality and scale yield low-cost position
- **Structural and financial advantage**
  - Rare earths are not “rare,” but the ability to add scaled supply is
- **Profitable and cash generative Stage I**
  - Hard asset with significant in-place cash flow
- **Owner-operator culture with sustainability focus**
  - Incentives are aligned for long-term value creation
- **Long-term growth opportunity**
  - Positioned to restore the full rare earth supply chain to the U.S.

MP MATERIALS

# Q&A

# Appendix

# Summary
## P&L

**MP MATERIALS CORP. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

| *(in thousands, unaudited)* | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 | For the three months ended December 31, 2020 |
|---|---|---|---|
| Product sales | $ 59,971 | $ 20,719 | $ 42,178 |
| Operating costs and expenses | 38,262 | 18,073 | 34,437 |
| Operating income | 21,709 | 2,646 | 7,741 |
| Other income (loss), net | 55 | 82 | (47) |
| Interest expense, net | (1,154) | (803) | (1,427) |
| Income before income taxes | 20,610 | 1,925 | 6,267 |
| Income tax benefit (expense) | (4,491) | — | 17,847 |
| Net income | $ 16,119 | $ 1,925 | $ 24,114 |

# Reconciliation
## Net Income to Adjusted EBITDA

| *(in thousands, unaudited)* | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 | For the three months ended December 31, 2020 |
|---|---|---|---|
| **Net income** | **$ 16,119** | **$ 1,925** | **$ 24,114** |
| *Adjusted for:* | | | |
| Depreciation, depletion and amortization | 6,150 | 1,271 | 2,099 |
| Interest expense, net | 1,154 | 803 | 1,427 |
| Income tax expense (benefit) | 4,491 | — | (17,847) |
| Stock-based compensation expense [1] | 5,673 | — | 5,014 |
| Transaction-related and other non-recurring costs [2] | 1,058 | 212 | 2,048 |
| Accretion of asset retirement and environmental obligations | 593 | 564 | 564 |
| Gain on sale or disposal of long lived-assets [3] | (133) | — | — |
| Royalty expense to SNR | — | 487 | 498 |
| Tariff rebate [4] | (2,050) | — | — |
| Other loss (income), net | (55) | (82) | 47 |
| **Adjusted EBITDA** | **$ 33,000** | **$ 5,180** | **$ 17,964** |

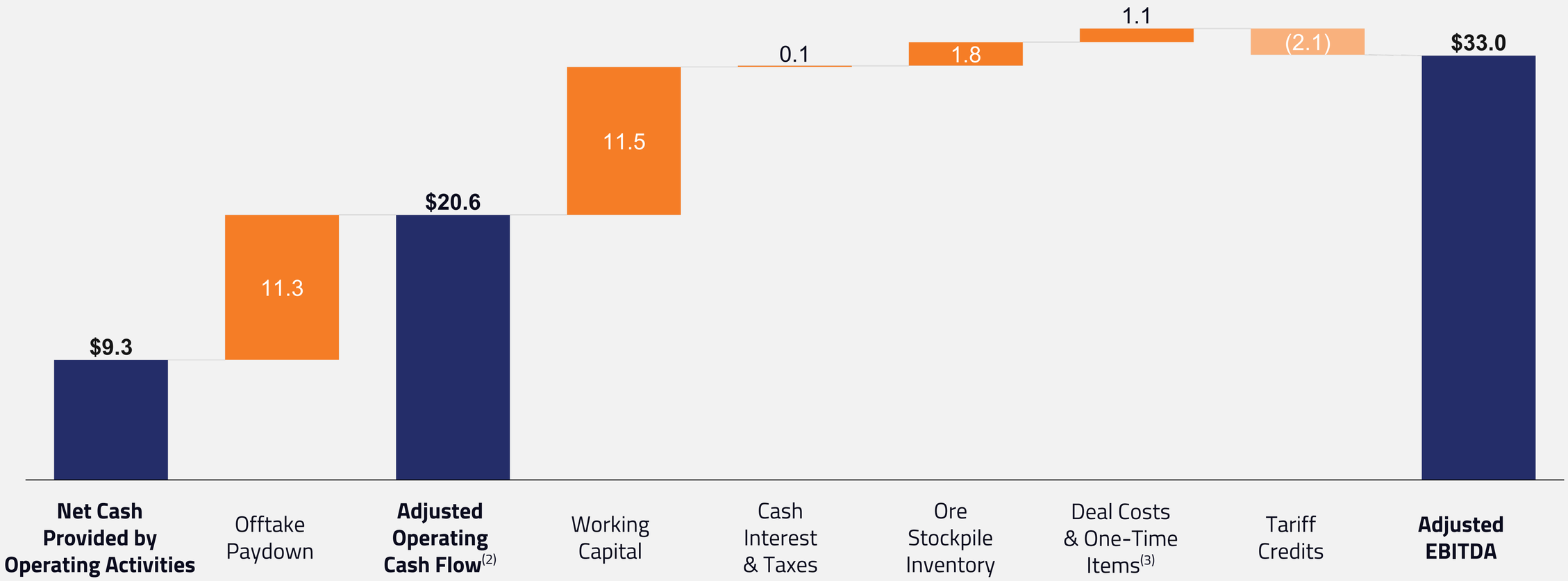
1. For the three months ended March 31, 2021, and December 31, 2020, amounts reflect the grants of restricted stock and restricted stock units, which were principally issued in connection with the Business Combination. Principally included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.
2. For the three months ended March 31, 2021, includes mainly advisory, consulting, accounting and legal expenses principally in connection with the secondary equity offering, which was completed contemporaneously with the Convertible Notes offering in March 2021. The Company did not receive any proceeds from the secondary equity offering. For the three months ended December 31, 2020, includes mainly advisory, consulting, accounting, legal expenses, and one-time employee bonuses in connection with the Business Combination.
3. Included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.
4. Represents non-cash revenue recognized during the three months ended March 31, 2021, in connection with a tariff rebate received relating to product sales from prior periods.

# Reconciliation
## Net Income to Adjusted Net Income

| *(in thousands, unaudited)* | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 | For the three months ended December 31, 2020 |
|---|---|---|---|
| **Net income** | **$ 16,119** | **$ 1,925** | **$ 24,114** |
| *Adjusted for:* | | | |
| Depletion [1] | 4,531 | 29 | 1,875 |
| Stock-based compensation expense [2] | 5,673 | — | 5,014 |
| Transaction-related and other non-recurring costs [3] | 1,058 | 212 | 2,048 |
| Gain on sale or disposal of long-lived assets [4] | (133) | — | — |
| Royalty expense to SNR | — | 487 | 498 |
| Tariff rebate [5] | (2,050) | — | — |
| Other loss (income), net | (55) | (82) | 47 |
| Tax impact of adjustments above [6] | (1,966) | — | (2,368) |
| Release of valuation allowance [7] | — | — | (9,333) |
| **Adjusted Net Income** | **$ 23,177** | **$ 2,571** | **$ 21,895** |

1. Principally includes the depletion associated with the mineral rights for the rare earth ores contained in the Company's mine, which were recorded in connection with the SNR Mineral Rights Acquisition at fair value as of the date of the Business Combination, resulting in a significant step-up of the carrying amount of the asset.
2. For the three months ended March 31, 2021, and December 31, 2020, amounts reflect the grants of restricted stock and restricted stock units, which were principally issued in connection with the Business Combination. Principally included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.
3. For the three months ended March 31, 2021, includes mainly advisory, consulting, accounting and legal expenses principally in connection with the secondary equity offering, which was completed contemporaneously with the Convertible Notes offering in March 2021. The Company did not receive any proceeds from the secondary equity offering. For the three months ended December 31, 2020, includes mainly advisory, consulting, accounting, legal expenses, and one-time employee bonuses in connection with the Business Combination.
4. Included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.
5. Represents non-cash revenue recognized during the three months ended March 31, 2021, in connection with a tariff rebate received relating to product sales from prior periods.
6. Tax impact of adjustments is calculated using an adjusted effective tax rate, excluding the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates used were 21.8%, 0%, and 25.0% for the three months ended March 31, 2021, March 31, 2020, and December 31, 2020, respectively.
7. For the three months ended December 31, 2020, reflects the one-time impact of the release of the majority of our valuation allowance.

# Q1 2021 Cash Flow Bridge[1]






1. All figures in millions
2. Defined as net cash provided by operating activities plus the reduction in the Shenghe Offtake balance. See Slide 18 for a reconciliation to the most comparable metric prepared in accordance with U.S. GAAP.
3. Deal Costs & One-Time Items consists primarily of costs related to the secondary equity offering, which was completed contemporaneously with the Convertible Notes offering in March 2021

# Reconciliations

## Net Cash Provided by Operating Activities to Non-GAAP Financial Measures

| *(in thousands, unaudited)* | For the three months ended March 31, 2021 |
|---|---|
| **Net cash provided by operating activities** | **$ 9,335** |
| Additions of property, plant and equipment | (19,298) |
| **Free Cash Flow** | **(9,963)** |
| *Adjusted for:* | |
| Revenue recognized in exchange for debt principal reduction [1] | 11,276 |
| Growth capital expenditures | 18,856 |
| Deal costs and one-time items | 1,058 |
| **Normalized Stage I Free Cash Flow** | **$ 21,227** |
| | |
| **Net cash provided by operating activities** | **$ 9,335** |
| Revenue recognized in exchange for debt principal reduction [1] | 11,276 |
| **Adjusted Operating Cash Flow** | **$ 20,611** |



1. Referred to previously as Offtake Paydown. Under the terms of the A&R Offtake Agreement and pursuant to the accounting treatment thereof, we recognized $11.3 million of non-cash revenue during the three months ended March 31, 2021, which was retained by Shenghe to reduce our outstanding debt obligation. Accordingly, such amount is excluded from operating cash flows under GAAP.

# KPI – Realized Price
## Reconciliation and Calculation

| *(in thousands, unless otherwise stated, unaudited)* | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 | For the three months ended December 31, 2020 |
|---|---|---|---|
| **Product sales** | **$ 59,971** | **$ 20,719** | **$ 42,178** |
| *Adjusted for:* | | | |
| Shenghe Implied Discount [1] | — | 607 | — |
| Other [2] | (2,282) | (158) | (180) |
| **Total Value Realized** | **$ 57,689** | **$ 21,168** | **$ 41,998** |
| | | | |
| Total Value Realized | $ 57,689 | $ 21,168 | $ 41,998 |
| *Divided by:* | | | |
| REO sales volume (in MTs) | 9,793 | 8,321 | 10,320 |
| Realized price per REO MT (in dollars) [3] | $ 5,891 | $ 2,544 | $ 4,070 |



1. Represents the difference between the contractual amount realized by Shenghe and the amount of deferred revenue we recognized.
2. Includes mainly the net impact of a tariff rebate from Shenghe due to the retroactive effect of lifting of a Chinese tariff in May 2020.
3. May not recompute as presented due to rounding.

# KPI – Production Cost
## Reconciliation and Calculation

| *(in thousands, unless otherwise stated, unaudited)* | For the three months ended March 31, 2021 | For the three months ended March 31, 2020 | For the three months ended December 31, 2020 |
|---|---|---|---|
| **Cost of sales** [1] | **$ 17,936** | **$ 12,667** | **$ 18,841** |
| *Adjusted for:* | | | |
| Cost attributable to sales of stockpiles | (73) | (150) | (40) |
| Stock-based compensation expense [2] | (1,318) | — | (277) |
| Shipping and freight | (2,098) | (1,702) | (2,124) |
| **Production Costs** | **$ 14,447** | **$ 10,815** | **$ 16,400** |
| | | | |
| Production Costs | $ 14,447 | $ 10,815 | $ 16,400 |
| *Divided by:* | | | |
| REO sales volume (in MTs) | 9,793 | 8,321 | 10,320 |
| Production cost per REO MT (in dollars) [3] | $ 1,475 | $ 1,300 | $ 1,589 |



1. Excluding depreciation, depletion and amortization.
2. Pertains only to the amount of stock-based compensation expense included in cost of sales (as opposed to general and administrative).
3. May not recompute as presented due to rounding.