

Prepared: October 14, 2026 | Evidence current through: October 14, 2026

MATERIALS • RARE EARTH MAGNETS • MP • CATALYST THESIS

MP Materials: Can Independence Turn GM Magnet Qualification Into Recurring Finished-Magnet Sales and Durable Segment Economics?

INITIATION MODE	CATALYST	EXPECTED SIGNIFICANCE
Prospective MP targets initial commercial magnet deliveries to GM in Q4 2026; none was located in the MP and GM records reviewed through this evidence date.	First commercial GM magnet deliveries Finished magnets from Independence, after GM qualification testing, while a finite GM precursor obligation runs off.	★★★★☆ Potential materiality only. The screen is on page 14.

My take

MP Materials mines and separates rare earths at Mountain Pass, California, and turns the separated neodymium-praseodymium (NdPr) into metal and permanent magnets at its Independence plant in Fort Worth, Texas. General Motors is the anchor buyer for that plant under a long-term agreement signed in 2021. So far GM has paid for precursor products, mainly NdPr metal, while MP commissioned its magnet lines. MP says it began manufacturing NdFeB permanent magnets in December 2025 and, without dating it, that it has recently commenced manufacturing on industrial-scale equipment; it has supplied magnets to GM for in-car qualification and regulatory testing, and on October 2, 2026 GM said its teams in Pontiac, Michigan are testing and validating them in electric motors.

I bind this catalyst to the step after testing: commercial finished-magnet deliveries to GM, which MP targets for the fourth quarter of 2026, and to the question behind it, whether those deliveries become recurring sales and durable Magnetics segment economics. The test is harder than it looks, because the precursor revenue now flowing through the segment is finite, government price support sits in the other segment, and MP can record a sale while the product is still in its own custody.

Decision question

Can Independence move from supplying GM with qualification magnets to commercial finished-magnet deliveries, and can repeat sales replace the finite GM precursor stream with Magnetics segment results that hold across comparable reporting periods?

Prospective initiation

No commercial finished-magnet delivery to GM was located in the MP and GM records reviewed through October 14, 2026. MP reports third-quarter results on November 5, 2026, after the market close, with a call at 5:00 p.m. ET.

Catalyst-scope firewall

Mountain Pass mining and separation, the Department of War price protection agreement, the planned 10X plant in Northlake, Texas, the Apple supply agreement, heavy rare earth refining and MP's consolidated results are context. I credit none of them to this catalyst without a disclosed bridge to finished-magnet sales from Independence.

CATALYST DEFINITION AND SCOPE

One Plant, One Buyer, One Conversion Step

Catalyst field	Locked definition
Event	First commercial delivery of finished sintered NdFeB magnets from the Independence facility to GM under the long-term supply agreement.
Occurrence	Unresolved. MP's August results deck targets initial commercial deliveries in Q4 2026, and its 10-Q says it expects to begin selling finished magnets to GM in 2026.
Mechanism	Magnet commissioning ► GM qualification ► commercial delivery ► buyer acceptance ► repeat orders ► finished-magnet revenue in the Magnetics segment ► segment economics after the precursor runoff.
Primary outcome test	Triangulated rather than tied to one disclosure: a primary MP or GM statement of commercial delivery, corroborated by acceptance or repeat-order evidence, product-mix explanations in segment reporting, and Magnetics results that hold across comparable reporting periods. A separately reported finished-magnet revenue line is not required.
Terminal horizon	Terminal review: pending author decision.

What the record establishes

MP collected all \$150.0 million of the GM precursor prepayments the agreement requires, had sold \$104.5 million of precursor products to GM by June 30, 2026 and expects to deliver the remaining \$45.5 million within a year, after which it does not anticipate further precursor sales to GM. The Magnetics segment commenced manufacturing NdFeB permanent magnets in December 2025, and the August deck reports magnets delivered to GM for in-car qualification and regulatory testing.

What the record does not establish

No commercial finished-magnet delivery, volume, price or acceptance was located in MP or GM primary records through October 14, 2026, and MP's EDGAR filing list, checked October 14, showed no Form 8-K after its August 6 results. Trade-press reports in September and October described first deliveries, although the October 7 report relied on the site developer and described prototype magnets in testing, so I rely on neither for the commercial milestone. The 10-Q also describes Independence as being in the final stages of commissioning its magnet equipment.

Why this stays a catalyst thesis

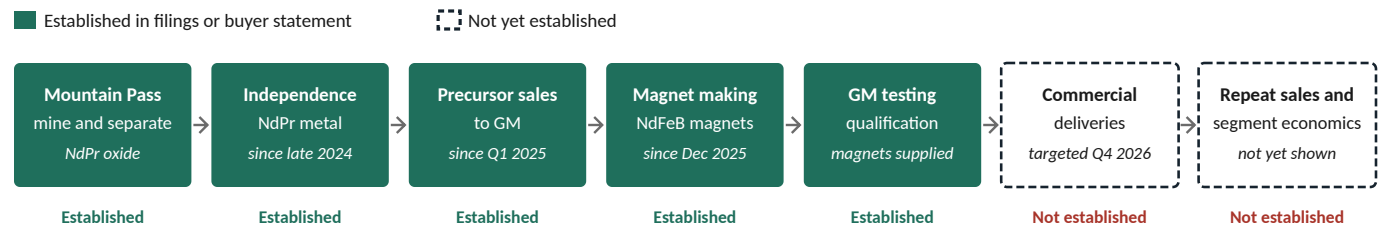
Commercial delivery is a discrete event at a named plant for a named buyer, and its economics run through one reportable segment whose current revenue has a disclosed end point.

How the delivery timing has been stated

Date	Document	Finished-magnet timing for GM
Aug. 6, 2026	Q2 2026 results deck, page 4	On track for initial commercial magnet deliveries in Q4
Aug. 7, 2026	Form 10-Q, MD&A (Magnetics segment)	Expects to begin finished-magnet sales to GM in 2026, before the precursor commitment is fulfilled
Oct. 2, 2026	GM release (buyer)	MP producing automotive magnets; GM testing and validating them in motors

MECHANISM

From Mine to Magnet: Where the Proof Stops



Sources: 10-Q for quarter ended June 30, 2026 (MD&A, Magnetics segment); Q2 2026 results deck p.4; GM release Oct. 2, 2026.

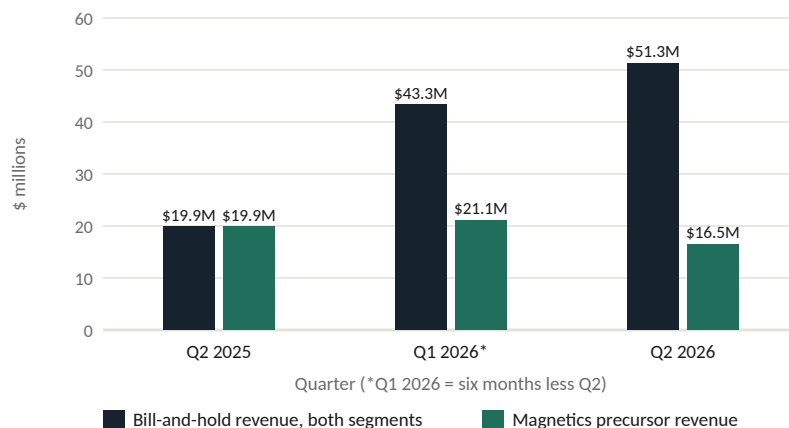
Five stages are established in filings or the buyer's statement; commercial delivery and the economics after it are not.

How a magnet sale can be recorded, and what each state proves

Evidence state	What it means	Where it could appear	What it proves, and what it does not
Revenue recognized	MP records a sale under GAAP	Magnetics segment revenue; Note 14	A sale occurred; not that magnets left Fort Worth
Transfer of control	GM owns the product, which may stay in MP's custody	Note 14 bill-and-hold disclosure	Ownership; not physical movement
Physical shipment	Magnets leave Independence for GM or its suppliers	MP or GM statement	Delivery; not acceptance against specification
Buyer acceptance	GM accepts production parts against specification	GM or MP statement; repeat orders	Qualification held in production
Installation	Magnets in motors in vehicles sold	GM disclosures	End-market use

No single state is a mandatory pass condition, because MP may not disclose each one. I read them together with product-mix explanations and repeated segment results, and I record which states each piece of evidence actually reaches.

Bill-and-Hold Revenue Versus Magnetics Precursor Revenue (\$M)



Why bill-and-hold matters here

Bill-and-hold revenue rose to \$51.3 million in Q2 2026, at least \$34.8 million more than all Magnetics precursor revenue, so most of it now comes from other sales.

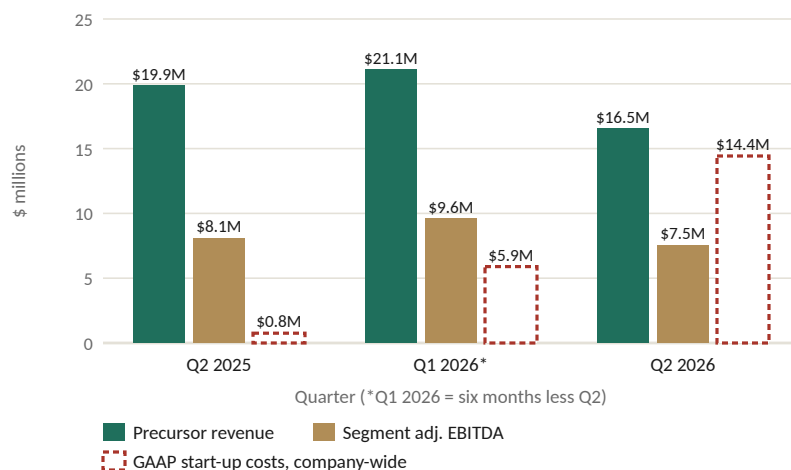
For the Magnetics segment, the 10-Q says the sale is complete when product is packaged, segregated and ready for shipment, while it stays in MP's custody.

Note 14 of the 10-Q reports \$51.3 million of Q2 2026 and \$94.6 million of first-half revenue under bill-and-hold arrangements, in which control passes to the customer while the product remains with MP. In Q2 2025, bill-and-hold revenue of \$19.9 million equals Magnetics precursor revenue of \$19.861 million at that rounding, which is consistent with precursor sales being held for GM, although that is my inference and the filing gives no segment split. A first finished-magnet sale could therefore be recognized before any magnet reaches GM.

OPERATING BASELINE

The Magnetics Segment Today Is a Precursor Business

Magnetics Segment and Start-Up Costs by Quarter (\$M)



Reading the segment

Precursor revenue and segment EBITDA dipped in Q2 2026 while GAAP start-up costs, mostly reconciled outside the segment measure, rose to \$14.4 million.

Adjusted EBITDA adds back a narrower \$13.6M of initial start-up costs, which excludes related stock compensation and primarily relates to commissioning magnet-making at Independence. Both are accounting expenses for the whole company, not Independence-only figures or cash spending.

Measure, \$M unless stated	Q2 2025	Q1 2026*	Q2 2026	Treatment
Materials segment revenue, before eliminations	37.532	72.177	95.629	Reported fact
Intersegment revenue elimination	0	-2.606	-3.663	Reported fact
Magnetics precursor revenue	19.861	21.078	16.524	Reported fact
Consolidated GAAP revenue	57.393	90.649	108.490	Reported fact
PPA income, a separate line, not revenue	0	42.273	17.580	Reported fact
Materials segment adjusted EBITDA	-12.678	36.732	32.505	Company non-GAAP
Magnetics segment adjusted EBITDA	8.089	9.592	7.532	Company non-GAAP
Consolidated adjusted EBITDA	-12.535	36.610	28.493	Company non-GAAP
GAAP operating loss	-43.882	-24.122	-32.029	Reported fact
GAAP net loss	-30.872	-7.968	-20.296	Reported fact
NdPr oxide production, metric tons	597	917	840	Reported KPI
NdPr sales, oxide-equivalent metric tons	443	1,006	1,006	KPI; definition changed (p. 6)
GAAP start-up costs (statement of operations)	0.761	5.889	14.428	Reported fact
Initial start-up cost add-back in adjusted EBITDA	0.634	4.853	13.588	Company non-GAAP

*Q1 2026 equals six-month figures less Q2 2026, an arithmetic derivation rather than a separately reported series. Q1 net loss matches the company's own reconciliation.

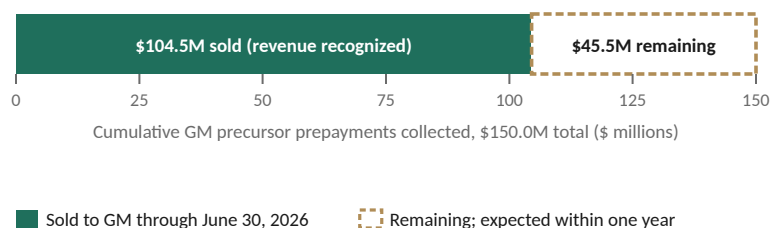
Why the Q2 decline is not a demand signal

The 10-Q attributes the lower Q2 precursor revenue mainly to the start-up of magnet production and its effect on the pricing mechanism, which allocated proportionally less cost to precursor products and more to initial magnet products. The gap between the two start-up figures, \$0.8 million in Q2 2026, is not itemized, although the company says the add-back excludes stock compensation. Segment adjusted EBITDA is also stated before the initial start-up costs, corporate costs and depreciation, so neither the \$7.5 million nor the precursor margin is a guide to what finished magnets will earn.

CUSTOMER CONVERSION

The Precursor Stream Has an End Point

GM Precursor Prepayment: Sold Versus Remaining at June 30, 2026 (\$M)



A finite baseline

About 70% of the GM precursor prepayment had been earned as revenue by June 30, and MP expects to deliver the rest within a year.

MP does not anticipate further precursor sales to GM after this commitment, although it expects finished-magnet sales to start before the runoff ends.

Customer leg	Evidence at October 14, 2026	What remains measurable
GM precursors	\$150.0M of required prepayments collected; \$104.5M sold; \$45.5M classified as current deferred revenue at June 30, expected to be satisfied within one year	Delivery of the remaining \$45.5M and its timing against the start of magnet sales
GM finished magnets	Magnet manufacture since December 2025; industrial-scale equipment start undated by MP; magnets supplied for in-car qualification and regulatory testing; GM validating them in Pontiac	A primary statement of commercial delivery, then acceptance or repeat orders and segment results
Apple	\$500M multiyear purchase commitment (Apple); \$200M of prepayments subject to milestones, \$72.0M received by June 30 and none recognized as revenue	Recycling and line milestones; obligations begin no earlier than the second half of 2027
10X government offtake	Plant under construction in Northlake, Texas; commissioning expected to begin in 2028	Commissioning, yield, cost and offtake performance at a separate plant

Why the precursor series cannot sit under a magnet forecast

Substantially all first-half 2026 precursor revenue, \$37.602 million against \$37.592 million recognized from deferred revenue, came out of the GM deferred-revenue balance, so it reflects cash GM paid in advance rather than new cash each quarter. Once the remaining \$45.5 million is delivered, that line ends. Precursor and magnet sales can overlap for a finite period, since MP expects magnet sales to begin before the precursor obligation is fulfilled; however, any chart that extends precursor sales beyond that runoff would carry a stream MP says it does not expect to continue.

Deferred revenue, \$M	Dec. 31, 2025	June 30, 2026	What the movement reflects
Current deferred revenue	74.301	45.547	At June 30, equals the full \$45.5M GM precursor remainder
Non-current deferred revenue	83.889	80.861	At June 30, includes Apple's \$72.0M; Dec. 31 composition not split
H1 2026 roll-forward	158.190	126.408	Additions of \$5.810M less \$37.592M recognized

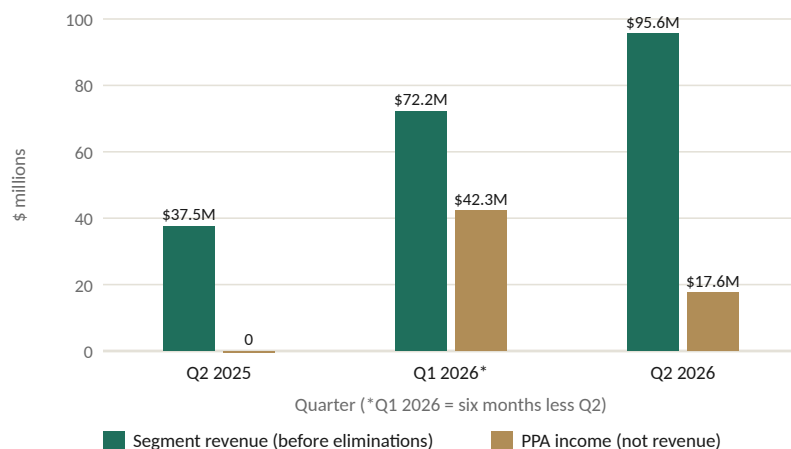
What Apple's numbers are, and are not

Apple's \$500 million is a multiyear purchase commitment, not equity, booked revenue or cash on hand. MP received \$72.0 million of the \$200.0 million of milestone-based prepayments by June 30, including \$32.0 million that was a receivable at December 31, and carries it as non-current deferred revenue. Because delivery is expected no earlier than the latter half of 2027, MP accretes a significant financing component through interest expense, which raises deferred revenue before any magnet ships.

PRICE AND GOVERNMENT SUPPORT

Price Support Sits Upstream and Carries a Cost Line

Materials Segment Revenue and PPA Income, Shown Separately (\$M)



Two lines, not one

PPA income equaled more than half of Materials revenue in Q1 2026, then fell to \$17.6 million in Q2 as market prices rose.

PPA income is reported below revenue as its own line; it relates to NdPr products, not to GM magnet sales.

PPA item, \$M	Q1 2026*	Q2 2026	H1 2026	Basis
PPA income recognized	42.273	17.580	59.853	Reported fact
Cash received from the Department of War			93.3	Reported; for Q4 2025 and Q1 2026 income
PPA receivable at period end		17.580		Reported; Dec. 31, 2025: 51.016
Upfront-asset amortization, in DD&A	11.2	10.9	22.1	Reported; Q1 derived
Upfront asset, net carrying amount		187.544		Reported; gross 221.102

How the support works

The price protection agreement runs from October 1, 2025 for approximately ten years through December 31, 2035. MP has the right to cash for the difference between \$110 per kilogram of NdPr equivalent and a benchmark quarterly price on designated products sold or stockpiled; once the 10X plant reaches full capacity, MP pays the government 30% of any benchmark excess over \$110. The 10-Q says a substantial majority of the 2026 PPA income related to sales to third parties. Separately, the 10X offtake agreement guarantees at least \$140 million of EBITDA for that plant, as the agreement defines it and with annual escalation, and commits the government to buy all 10X magnets unless it approves commercial syndication. That is a future, plant-specific contract, not a floor under today's consolidated results.

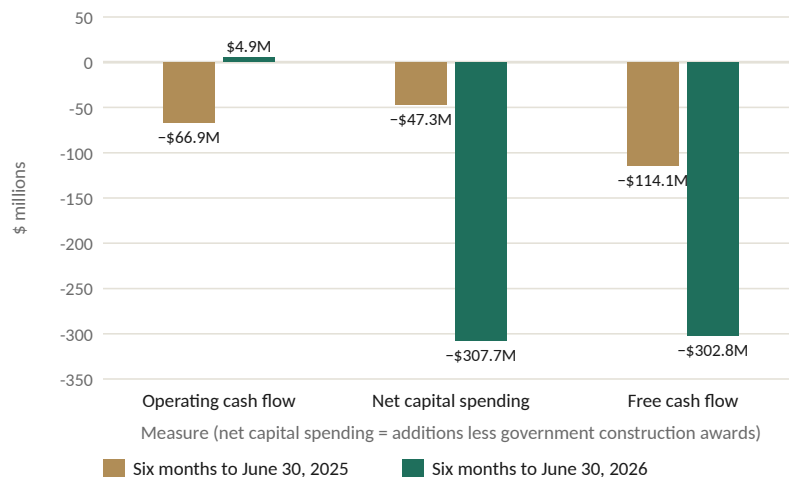
Reading the cost and the price

Adjusted EBITDA includes PPA income but excludes the \$22.1 million of first-half amortization of the upfront asset, so PPA income is not costless GAAP profit; however, amortization is noncash, so netting it against receipts does not produce a cash measure either. Q2 NdPr oxide and metal revenue of \$94.434 million divided by 1,006 oxide-equivalent tons gives about \$93.87 per kilogram, a calculated revenue-per-volume figure rather than a market price, because the volume includes intercompany sales and the metal conversion ratio changed from 1.20 to 1.25 in Q1 2026 without restating earlier periods.

CASH FLOW

Operating Cash Turned Positive on Receipts, Not Yet on Magnets

First-Half Cash Flow, Company-Defined Measures (\$M)



What moved the first half

Operating cash flow improved by \$71.8 million, although \$93.3 million of PPA receipts and a \$19.0 million tax-credit refund did most of the work.

The first half of 2025 included a \$50.0 million GM prepayment that had no 2026 counterpart.

Cash-flow measure, \$M	H1 2025	H1 2026	What explains the change
Operating cash flow	-66.853	4.939	\$93.3M of PPA receipts and \$19.0M of section 45X credit for 2024 in 2026; a \$50.0M GM prepayment in 2025
Additions to property, plant and equipment	59.473	307.711	Whole company: HREE plant, Independence expansion, the 10X site and an arbitration payment
Government awards used for construction	12.200	0	Reduces net capital spending in 2025 only
Free cash flow, company definition	-114.126	-302.772	Operating cash flow less net capital spending

Where the capital went

Segment capital expenditures, \$M	Q2 2026	H1 2026
Magnetics (Independence and 10X)	144.257	190.868
Materials (Mountain Pass)	85.773	116.319
Other	0.305	0.524
Total	230.335	307.711

Magnetics spending covers both Independence and the 10X plant, including a 120-acre Northlake site bought for about \$80 million in April 2026, so it is not an Independence-only cost. A binding arbitration with a construction contractor concluded on April 17, 2026 with a \$45.3 million award, which MP paid in Q2: \$36.5 million was capitalized as asset cost, of which \$30.5 million had been accrued at year-end, and \$8.8 million of interest was expensed. The quarterly statements place that expense in Q1, while the cash left in Q2, so it is neither a Q2 operating cost nor a recurring precursor cost.

CAPITAL STACK

Six Instruments, Six Different Claims

Instrument at June 30, 2026	Economic amount	Terms and balance-sheet treatment
3.00% convertible notes due March 1, 2030	\$862.793M principal	\$847.267M carrying value; issued March and December 2024; initial conversion price about \$21.74
Samarium project loan (Department of War)	\$150.0M principal	\$87.316M carrying value; 5.38% fixed; matures August 1, 2037
Equipment notes (Caterpillar facility)	\$29.099M principal	\$5.135M current and \$23.964M non-current, in other liabilities rather than long-term debt; \$10.9M of \$40.0M uncommitted capacity unused
Revolving credit facility (JPMorgan, agent)	\$275.0M commitment	No borrowings; \$203.0M available after letters of credit; \$128.0M unused letter-of-credit sublimit is part of, not additional to, that capacity
Series A convertible preferred (Department of War)	\$428.088M liquidation floor	\$413.611M carrying value in temporary equity; convertible into 13,320,013 shares at \$30.03
Warrant (Department of War)	11,201,659 shares	\$30.03 exercise price; expires July 10, 2035; cash or net-share exercise at the holder's option

Dilution: what can convert, and what the capped calls do

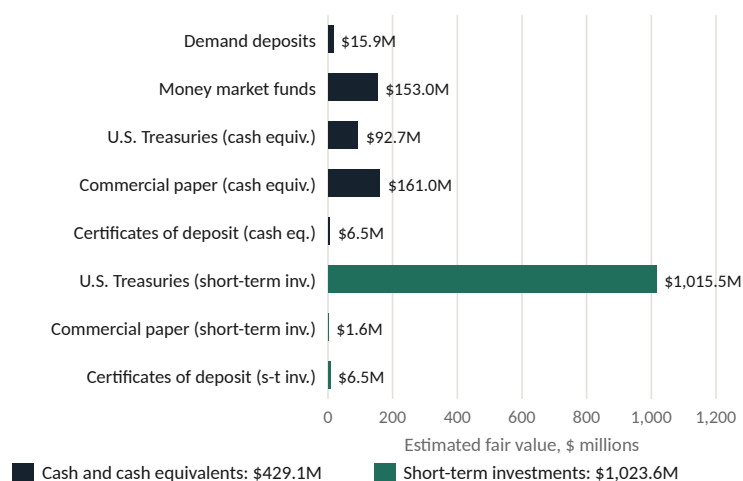
Potential share source	Shares	Scenario reading, not a forecast
2030 notes, at the initial conversion rate	39,683,215	MP may settle conversions in cash, shares or both, so share issuance depends on its election
Capped calls bought with the March 2024 notes	covers 34.4M	Separate options MP may exercise; they offset dilution or cash between \$21.74 and the \$31.06 cap, not above it
Notes beyond capped-call coverage	about 5.3M	Author calculation; December 2024 notes have no capped call
Series A preferred	13,320,013	Convertible at the holder's election
Warrant	11,201,659	Exercisable at the holder's election
Common shares outstanding, July 31, 2026	178,101,588	Reported fact

The capped calls work economically rather than mechanically: if MP exercises them, the counterparties deliver shares or cash that offset what MP owes converting holders, up to the cap, and MP had exercised none by June 30. The stock price used in the 10-Q's June 30 valuation, \$56.01, was above the \$31.06 cap, so at that price any offset would have been capped, although that is a historical input and not a current quote. The notes met the stock-price condition in Q2, which allowed holders to convert during the quarter ending September 30, 2026; no conversion was located in filings through October 14, and the next 10-Q will show whether principal changed.

LIQUIDITY AND COVENANTS

A Large Cash Position Under Conditional Covenants

June 30, 2026 Holdings by GAAP Category (\$M)



What the balance sheet shows

MP held \$1.45 billion of cash, cash equivalents and short-term investments at June 30, about 70% of it in Treasuries held as short-term investments.

These are GAAP categories. Which balances count toward the credit agreement's covenant is not disclosed.

What the contract counts

Until the Covenant Trigger Event, MP must keep at least \$500 million of unrestricted cash and contract-defined Cash Equivalents at the parent and its restricted subsidiaries. The definition is broader than GAAP's three-month cash-equivalent rule: it includes U.S. government securities and A-1/P-1 commercial paper maturing within 24 months, certificates of deposit within one year at banks above a capital threshold, and rated money-market funds. MP reports that it was in compliance with the applicable covenant at June 30, 2026.

Holding at June 30	Contract category it resembles	What is not disclosed
Demand deposits, \$15.9M	Clause (1), Dollars	Restricted status and which entity holds them
Money market funds, \$153.0M	Clause (9), rated funds, average maturity of 12 months or less	Fund ratings and maturities
U.S. Treasuries, \$1,108.2M	Clause (2), maturities of 24 months or less	Maturity at acquisition and holding entity
Commercial paper, \$162.6M	Clause (5), A-1/P-1, 24 months or less	Ratings and maturities
Certificates of deposit, \$13.0M	Clause (3), one year or less at qualifying banks	Issuing banks and maturities

Eligibility uncertainty. Instrument types resemble the contract's categories, but ratings, maturities, unrestricted status and the restricted-subsidiary population are not all disclosed, so the qualifying balance and the exact headroom cannot be calculated from public records.

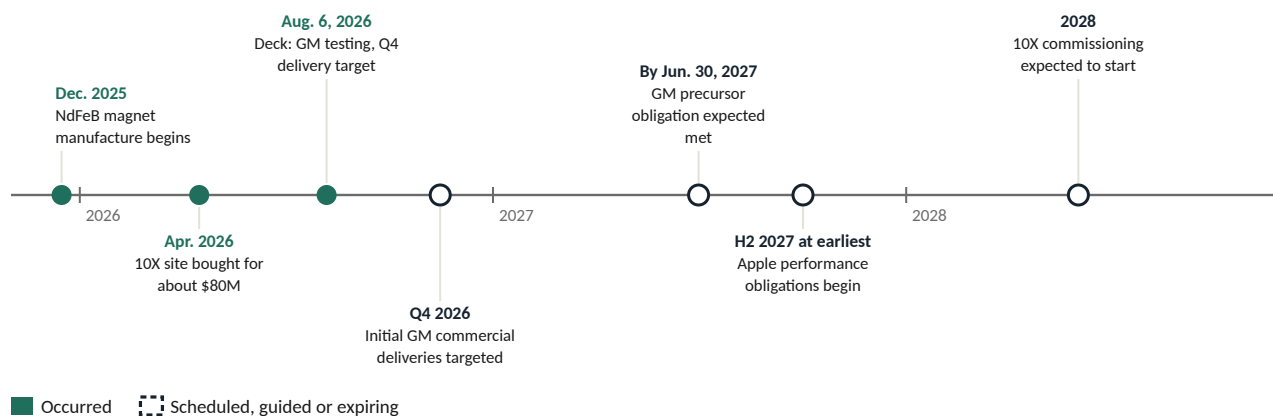
When the covenant changes, and the springing maturity

The liquidity test applies until the earlier of the quarter in which contract-defined Consolidated EBITDA reaches \$400 million and the quarter ending June 30, 2027. After that, total leverage must be no greater than 4.00x, or 4.50x for a period after a material acquisition, and cash interest coverage at least 3.00x. The revolver's stated maturity is August 25, 2030; however, its Maturity Date definition moves it to 91 days before the maturity of certain other debt, which would include the 2030 notes, November 30, 2029, unless on that date unrestricted cash and Cash Equivalents plus unused revolver commitments exceed 125% of the notes then outstanding (about \$1,078 million at today's principal), leverage is 2.00x or lower, or the notes fall below an EBITDA-based size test. That is a conditional 2029 test, not one that June 30 balances settle in advance.

LATER LEGS

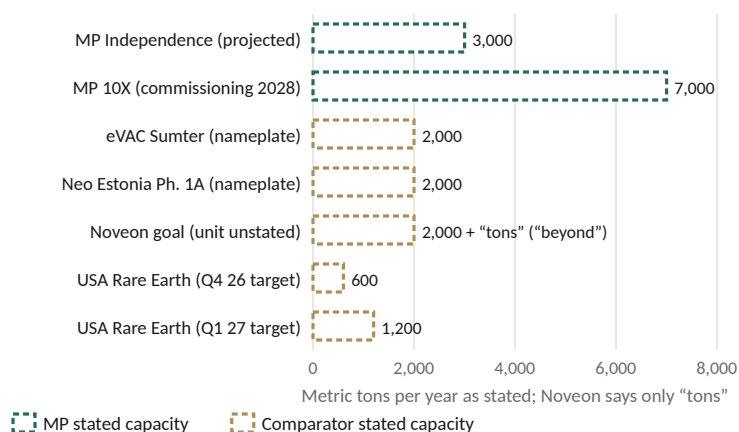
The Second Customer and the Second Plant Come Later

Independence, Apple and 10X: Dated Record and Guided Milestones



Three dated events have moved the plant from trial output to qualification; every milestone that produces finished-magnet revenue still lies ahead.

MP and Comparators: Stated Magnet Capacity (t/yr)



Capacity is a ceiling, not output

MP's 10,000-ton plan rests on a 3,000-ton projected Independence expansion and a 7,000-ton 10X plant that begins commissioning in 2028.

Dashed outlines mark nameplate or target figures; none of these issuers discloses measured annual shipped tonnage, so no bar is filled.

Later leg	Commitment	Cash to MP so far	Revenue so far	Earliest timing
Apple magnets and recycling	\$500M multiyear purchases; \$200M prepayments on milestones	\$72.0M by June 30, 2026	None	Second half of 2027
10X plant, Northlake	More than \$1.25B of investment; about \$200M of incentives	Not applicable; MP is spending	None	Commissioning begins 2028
DoW 10X offtake	Buys all 10X magnets; \$140M minimum EBITDA as defined	None	None	Once 10X operates

The 10X plant and the Apple line

MP expects to invest more than \$1.25 billion in 10X, supported by about \$200 million of state and local incentives and the 10-year offtake agreement described on page 6. Construction is under way on the Northlake site, and commissioning is expected to start in 2028. Apple's magnet lines and a recycling circuit at Mountain Pass with dedicated NdPr and heavy rare earth separation are part of the same build-out, although the 10-Q places Apple's first performance obligations no earlier than the latter half of 2027. Neither leg is evidence for the GM conversion this thesis tracks, and a capital-return reading for either needs commissioned capacity, yield, utilization and margins rather than nameplate.

EXTERNAL COMPARATORS

Other Western Magnet Makers Are at Different Stages

Comparator	Stage, as the issuer states it	Boundary on the comparison
Noveon Magnetics, Texas	GM agreement August 6, 2025; production started and deliveries began July 2025 for GM full-size SUVs and trucks; \$215M Series C in January 2026, including secondary sales; expansion beyond 2,000 tons a year planned	The GM release does not say the magnets are for traction motors, and part of the financing went to selling shareholders
eVAC Magnetics, Sumter, South Carolina (VAC)	Commercial magnet production since fall 2025, including traction-motor grades; opening ceremony July 15, 2026; nameplate about 2,000 tons, scalable to 12,000	A customer purported to terminate a commercial supply agreement on July 1, 2026; eVAC began arbitration July 7. The customer is not named
Neo Performance Materials, Estonia	Commercial production; first commercial volumes shipped to one Tier-1 traction-motor customer; programs won at three Tier-1 suppliers; two to three programs in total, including the first, expected in commercial production before end-2026	Phase 1A nameplate of about 2,000 tons is not shipped output; 5,000 and 20,000 tons are later stages
USA Rare Earth, Stillwater, Oklahoma	Phase 1a commissioned March 2026; 600 t/yr run-rate targeted for Q4 2026 and 1,200 t/yr for Q1 2027	August results disclose no magnet sales; July oxide items were qualification samples
Energy Fuels and VAC	Definitive agreement June 23, 2026 at about \$1.9B of equity value; first amendment October 13, 2026 adds price adjustments tied to the eVAC dispute; closing expected early 2027	Not completed; regulatory approvals pending, and integration is prospective

What the comparison settles

These primary records rule out describing MP as the only Western source of sintered magnets, and they show at least two rivals already shipping commercial volumes into automotive programs. They do not establish equal grade, qualification, cost or feedstock independence. MP's distinct position is integration from its own ore through metal and magnets, which matters for input security but does not by itself prove a cost or qualification advantage.

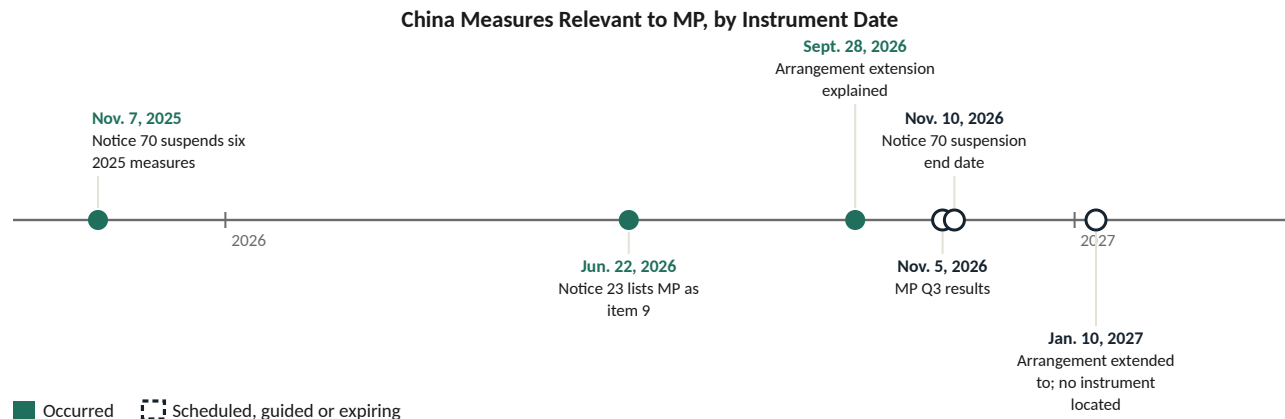
What MP has that these rivals do not disclose	What some rivals have that MP has not yet shown
Its own ore, separation and metal-making feeding the magnet line	Commercial magnet volumes already shipping into vehicle programs (Noveon, Neo)
A government price floor on NdPr and a guaranteed offtake for its second plant	Established magnet customer bases; VAC reports more than 1,000 customers
A prepaid anchor agreement with GM and a second prepaid customer in Apple	Traction-motor program awards at several Tier-1 suppliers (Neo)

The eVAC dispute

Energy Fuels' October 13 filing discloses that a customer of e-VAC Magnetics purported to terminate a commercial supply agreement on July 1, 2026, that eVAC commenced arbitration on July 7 seeking a declaration that the termination was wrongful and the payments due over the remaining contract life, and that the merger terms now include a price adjustment tied to the outcome. The filing does not name the customer, so I do not identify it. It does show that an anchor supply contract for a new U.S. magnet plant can be contested within a year of commercial production, which is a relevant risk for any first-of-its-kind supply relationship, including MP's.

POLICY

Three Chinese Instruments, Three Different Scopes



The suspension notice and the later arrangement extension carry different end dates, and the entity listing naming MP sits outside both.

Instrument	What it says	What it does not establish
MOFCOM and GAC Notice 70 of 2025, November 7, 2025	Suspends Notices 55, 56, 57 and 58 of 2025 and MOFCOM Notices 61 and 62 of 2025 from that day until November 10, 2026	Anything after November 10, 2026 on its own terms
MOFCOM explanation of the eighth round of consultations, released September 28, 2026	The two sides agreed to extend the Kuala Lumpur economic and trade arrangement to January 10, 2027 and to keep negotiating	An implementing notice; the text reviewed does not name rare earths or export controls
MOFCOM 2026 announcement index, checked October 14, 2026	41 announcements, the latest No. 46 of October 9; none extends or suspends an export-control measure	That no instrument exists or that controls resume automatically on November 10
MOFCOM Notice 23 of 2026, June 22, 2026	Places MP Materials (item 9) and USA Rare Earth (item 10) on the export-control list; bans exports of dual-use items to them and transfers of China-origin dual-use items; ongoing exports must stop; exporters may apply to MOFCOM in special cases	A blanket ban on all rare earth products, or any effect from the bilateral arrangement

Why it bears on the catalyst

MP ceased all sales to customers in China in July 2025 and sources its own ore, so the entity listing bears mainly on China-origin dual-use items, such as equipment or materials, that its plants might otherwise obtain. The broader suspension matters to the bargaining position of every non-Chinese magnet maker, because its lapse or extension changes how scarce Chinese magnets and materials are for automakers. These are document-status comparisons, not legal opinions.

What I will check around November 10

I will check the MOFCOM announcement index for an implementing instrument that carries the suspension past November 10, MP's Q3 10-Q for any change in its China-related risk disclosure, and whether either government describes the January 10, 2027 arrangement as covering the suspended measures. Until an instrument is located, both dates stay in the record with their own scopes.

COUNTEREVIDENCE

A Qualified Magnet Is Not Yet a Profitable Business

Alternative	Why it remains plausible	What would confirm it
Schedule slip	Independence was in the final stages of commissioning in August; no commercial delivery was located in records reviewed through October 14	Q4 2026 passing without a primary delivery statement, or a revised target
Qualification setback	GM was still testing and validating the magnets in motors on October 2	Further sample rounds, specification changes or a deferred program start
Revenue gap	Precursor sales end once \$45.5M is delivered, and magnet volume is not yet disclosed	Magnetics revenue falling while the GM deferred-revenue balance runs down
Thin early margins	GAAP start-up costs were \$14.4M in Q2, of which \$13.6M was added back as initial start-up costs outside segment EBITDA	Start-up costs persisting after commercial delivery, or segment EBITDA turning negative on magnet mix
Revenue ahead of movement	Bill-and-hold revenue was \$51.3M in Q2 across both segments	Rising bill-and-hold balances or inventory without matching shipment evidence
Contract friction	A rival's anchor supply contract was contested in 2026	Disputes, amendments or reduced volumes in MP's GM agreement
Policy change	Notice 70's suspension ends November 10, 2026 on its own terms	Chinese export policy shifting automaker sourcing or MP's input access
Funding pressure	First-half free cash flow was -\$302.8M with 10X ahead	Liquidity falling toward covenant levels or new financing on worse terms
Single-buyer dependence	Apple's obligations begin no earlier than the second half of 2027	Magnetics revenue depending on GM alone through 2027
Rival qualification	Noveon and Neo already ship commercial volumes into vehicle programs	Automakers awarding traction-motor programs to rivals first

Comparator assessment

MP's own precursor history is the internal comparator: it shows MP can produce metal to a customer contract and be paid in advance, although metal is not magnets and a prepaid contract is not repeat demand. The external comparators on page 11 test whether others are further along, and two of them already ship commercial volumes into vehicle programs. The comparison that matters is repeat qualified delivery and economics under comparable specifications, not the largest announced capacity.

Substitution control

PPA income, Materials segment strength, the Apple prepayments, the 10X offtake guarantee and MP's cash balance would each appear to support this catalyst; however, none of them is evidence of commercial finished-magnet sales to GM, so I decline all five.

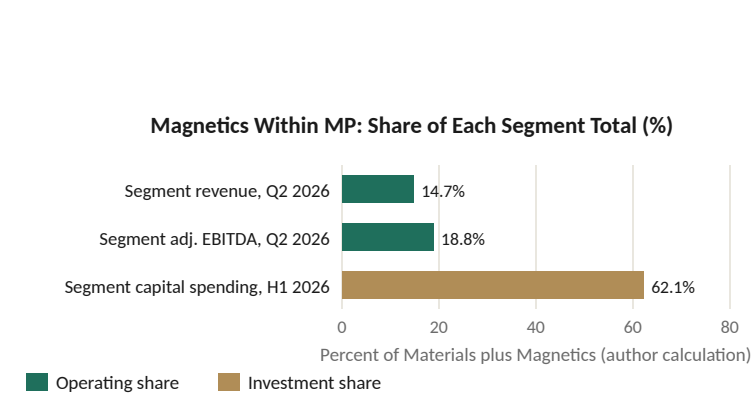
EXPECTED SIGNIFICANCE

A Four-Star Test of the Mine-to-Magnet Model

Expected-significance lock

★★★★☆ I retain expected significance at four stars. MP's strategy rests on capturing value beyond separated oxide by making magnets in the United States, and Independence's GM conversion is the first commercial test of that step. Magnetics was about 15% of segment revenue in Q2 2026 but took 62% of segment capital spending in the first half, and the same process will carry the Apple line and the 10X plant. I stop short of five because Mountain Pass, the price protection agreement and the 10X offtake will drive near-term results more than one plant's first customer.

Dimension	Lock-time evidence	Reading
Direct scale	Magnetics: \$16.5M of \$112.2M segment revenue in Q2 2026, before eliminations	About 15% of segment revenue
Model reach	Same commissioning and qualification path for Apple and 10X; 10,000 t combined planned capacity	High
Capital at stake	\$190.9M of \$307.2M segment capital spending in H1 2026 went to Magnetics	About 62% of segment capital
Strategic relevance	First commercial magnet sales from MP's own ore, to its anchor automotive customer	High



Small today, central to the plan

Magnetics earns a minor share of MP's segment revenue and EBITDA but absorbs most of its segment capital spending.

What four stars does not mean

The lock does not assume on-time delivery, acceptance or a margin level. It records how much of MP's model a fully realized catalyst would validate.

What would move the lock

Only a redefinition of the catalyst object, for example folding a second automotive customer into Independence's first commercial program.

Why not three stars

The Magnetics segment, which holds both Independence and the 10X plant, took 62% of first-half segment capital spending, and the GM program is the reference customer for the Apple lines and the 10X plant. A failed or long-delayed conversion would therefore weaken the case for the whole downstream build-out rather than one product line, even though near-term consolidated results would still rest on Mountain Pass and the price floor.

ADMISSIBILITY AND HORIZON

A Datable Event With a Multi-Source Economic Test

Dimension	Reading	Reason
Attribution feasibility	Moderate	One plant, one buyer and one segment, although the segment also carries 10X costs and precursor sales
Future measurability	Conditional	MP may not report finished-magnet revenue separately; segment commentary, deferred-revenue runoff and buyer statements must be read together
Disclosure risk	Moderate to high	MP did not issue a release for qualification shipments, and bill-and-hold can separate revenue from movement
Reversibility	Moderate	Qualification issues, contract disputes or policy shifts could each delay or unwind progress
Terminal horizon	Pending author decision	Not set in this thesis

What counts as commercial conversion

A pass rests on triangulated evidence: a primary MP or GM statement that commercial finished-magnet deliveries have occurred, corroboration from acceptance, repeat orders or segment commentary on product mix, and Magnetics results that hold across comparable reporting periods after the precursor runoff. A separately reported finished-magnet revenue line would strengthen the reading but is not required, and trade-press reports alone cannot pass any stage.

Persistence

A single commercial delivery is a checkpoint, not the outcome. Durability requires the result to repeat across comparable reporting periods; the number of periods is pending author decision.

Grading and terminal rule

No outcome grade is issued here. **Terminal review: pending author decision.** Success is not inferred from consolidated adjusted EBITDA, PPA income, prepayments or silence.

Label	Meaning in this thesis
Reported fact	Directly stated in an SEC filing or a cited company or government record, with the issuer's definition and period preserved
Company statement or estimate	A management expectation or target, such as Q4 2026 initial deliveries, recorded with its qualifiers
Author calculation	Reproducible arithmetic from disclosed inputs, labeled and period-bound
Author inference	A reading the record supports but does not state, such as the 2025 bill-and-hold match, always labeled
Scenario reading	Conditional arithmetic used to size a possibility, never presented as a forecast

TRACKING STANDARD

Falsifiers and Failure Conditions

Test	Metric and source	Condition	Window	Missing-data behavior
First commercial delivery	MP or GM primary statement	Initial commercial deliveries, per MP's target	Q4 2026	A miss is recorded against guidance; trade press does not count
Precursor runoff	GM deferred revenue in 10-Q	\$45.5M delivered	Through June 30, 2027	Balance carried as reported each quarter
Repeat sales	Buyer statements, segment commentary	Further deliveries or orders after the first	Pending author decision	Not located is not proof of absence
Segment economics	Magnetics segment results, start-up costs	Results holding across comparable periods	Pending author decision	Directional readings cannot pass
Liquidity	Covenant compliance statement	Continued compliance through the trigger	Through June 30, 2027	Headroom not inferred from GAAP totals
Second customer	10-Q deferred revenue and Apple milestones	Apple obligations begin	H2 2027 at earliest	Context only; not a pass for GM conversion

Period integrity

MP reports on a calendar year. Quarterly figures are compared only with quarterly figures, derived Q1 2026 values are labeled, PPA income is never added to revenue, and the NdPr sales-volume series carries its Q4 2025 and Q1 2026 definition breaks.

Interpretation rule

A strong Materials quarter or a large PPA payment does not confirm this catalyst, and a weak one does not contradict it. Every update keeps Independence, Mountain Pass, 10X, Apple and consolidated results separate.

Absence-evidence rule

A missing figure is recorded as not located in the records reviewed through the stated date. A stronger finding that it was not disclosed is made only where the retrieval method could reasonably have surfaced it, and a delivery that has not yet been announced is scheduled and pending.

How each delivery outcome would be read

Outcome	What it would mean for this thesis
Commercial delivery confirmed in Q4 2026	The first stage passes on schedule; acceptance, repeat orders and segment economics remain open
Delivery confirmed but volumes undisclosed	Stage passes; the economic reading rests on segment results and commentary over later periods
No primary statement by year-end 2026	Recorded as a miss against MP's own target; trade reports are noted but cannot substitute

NEXT MEASUREMENT

What the Next Filing Cycle Has to Show

Occasion	Timing	What gets reopened
Q3 2026 results and call	November 5, 2026, after market close; call 5:00 p.m. ET	Delivery status, Magnetics revenue mix, GM deferred revenue, start-up costs, bill-and-hold
Q3 2026 Form 10-Q	After November 5	Note conversions in the Q3 window, liquidity, covenant compliance, PPA receipts
Notice 70 suspension end date	November 10, 2026	Whether an implementing extension instrument appears
Initial commercial GM deliveries	Targeted Q4 2026	Primary statement of delivery
Q4 and full-year 2026 results	Expected early 2027	First results covering the targeted Q4 delivery period
Covenant Trigger Event	Quarter ending June 30, 2027 at the latest	Switch to leverage and interest-coverage tests
Apple obligations	Second half of 2027 at the earliest	Diversification beyond GM
Neo's further Tier-1 programs	Expected before the end of 2026	Whether rivals widen their automotive lead
Energy Fuels acquisition of VAC	Closing expected early 2027	eVAC dispute outcome and the combined platform

Known forward confounders

10X construction spending, heavy rare earth start-up, Apple-related accretion, PPA income swings with benchmark prices, possible note conversions and the end of the precursor stream will each move Magnetics or consolidated results without saying anything about whether finished magnets are selling.

What would change the direction

The reading strengthens with a primary delivery statement in Q4 2026, segment commentary attributing revenue to finished magnets, and start-up costs falling as volumes rise. It weakens with a revised target, further qualification rounds, or Magnetics revenue shrinking as precursor sales end without a visible replacement.

Measurement discipline at each reopen

Every update preserves MP's own metric labels and periods, records whether a finished-magnet figure is newly disclosed or still not located, and states which evidence state from page 3 each new item reaches.

What November 5 can and cannot settle

The Q3 report may confirm or revise the delivery timing and show how far the GM precursor balance has run down, and management may describe early magnet volumes. However, the Q3 financial statements cover only activity through September 30, so they cannot include any October or other fourth-quarter delivery, acceptance or revenue. The release or call could still report a dated October delivery or acceptance as a later development, which I would record at the evidence state it reaches, although durable segment economics cannot be settled there.

STANDARDS AND DISCLOSURES

How to Read This Thesis

Term	Definition
NdPr	Neodymium-praseodymium, the main magnetic rare earth pair, sold as oxide or metal
NdFeB magnet	A sintered neodymium-iron-boron permanent magnet, the type used in EV traction motors
Precursor products	NdPr metal and related inputs MP has sold to GM ahead of finished magnets
Bill-and-hold	A sale in which control passes to the customer while the product stays in the seller's custody
Price protection agreement (PPA)	The Department of War agreement paying MP the gap between \$110/kg and a benchmark NdPr price
PPA income	MP's separate income line for amounts due under the PPA; it is not revenue
Segment Adjusted EBITDA	MP's segment profit measure, stated before initial start-up costs, stock compensation, depreciation and corporate costs
Free cash flow	MP's non-GAAP measure: operating cash flow less capital additions net of government construction awards
Covenant Trigger Event	The earlier of Consolidated EBITDA reaching \$400M and the quarter ending June 30, 2027
Capped call	An option MP bought to offset dilution or cash on note conversion, up to a cap price
Deferred revenue	Cash received before MP satisfies a performance obligation; it becomes revenue when control transfers, which under bill-and-hold can precede physical shipment
Heavy rare earths (HREE)	Dysprosium and terbium, added to magnets for heat resistance; MP expects initial production in the second half of 2026
Department of War (DoW)	The former Department of Defense, as named in MP filings; the government counterparty

Non-GAAP and metric boundary

Segment Adjusted EBITDA, Adjusted EBITDA and free cash flow are company-defined and reproduced only as MP presents them; none isolates finished-magnet economics, and PPA income is never treated as revenue.

Comparator boundary

MP's precursor record is the internal control for execution, while Noveon, eVAC, Neo and USA Rare Earth test stage and positioning only where their own disclosures support the measure.

Significance and admissibility boundary

Expected significance, retained on page 14, measures potential company materiality if the mechanism converts. It does not move with disclosure quality. Attribution feasibility, measurability and disclosure risk on page 15 determine whether the outcome can be graded.

Research posture

This document tracks a catalyst and a mechanism. It is not a recommendation, a rating or a price target. **Owner holding and compensation disclosure: pending owner confirmation.**

PRIMARY SOURCES

Source Register

#	Document	Use in this thesis
1	MP Materials, Form 10-Q for the quarter ended June 30, 2026, filed Aug. 7, 2026. https://www.sec.gov/Archives/edgar/data/1801368/000180136826000048/mp-20260630.htm	Notes 3, 4, 8, 11–14, 16, 18, 20; MD&A.
2	MP Materials, second-quarter 2026 results, Form 8-K, Aug. 6, 2026. https://www.sec.gov/Archives/edgar/data/1801368/000180136826000047/mp-20260806.htm	Results release.
3	MP Materials, Q2 2026 earnings presentation. https://s25.q4cdn.com/570172628/files/doc_financials/2026/q2/Deck-Q2-2026-MP-Earnings-FINAL.pdf	pp. 4, 6, 7, 11.
4	MP Materials, Form 10-K for fiscal 2025. https://www.sec.gov/Archives/edgar/data/1801368/000180136826000008/mp-20251231.htm	PPA term; note issues.
5	MP Materials, credit agreement, Exhibit 10.1, Aug. 25, 2025. https://www.sec.gov/Archives/edgar/data/1801368/000119312525187776/d15553dex101.htm	Definitions; section 7.11.
6	MP Materials, Q3 2026 results date, Oct. 8, 2026. https://investors.mpmaterials.com/investor-news/news-details/2026/MP-Materials-Announces-Date-for-Third-Quarter-2026-Financial-Results-and-Webcast/default.aspx	Nov. 5 results date.
7	General Motors, mine, magnet, motor, Oct. 2, 2026. https://news.gm.com/home.detail.html/Pages/topic/us/en/2026/oct/1002-mine-magnet-motor.html	Buyer statement on testing.
8	Apple, \$500 million U.S. supply-chain commitment, Jul. 15, 2025. https://www.apple.com/newsroom/2025/07/apple-expands-us-supply-chain-with-500-million-usd-commitment/	Apple commitment.
9	MP Materials and Apple partnership announcement, Jul. 2025. https://mpmaterials.com/news/mp-materials-and-apple-announce-500-million-partnership-to-produce-recycled-rare-earth-magnets-in-the-united-states/	Counterpart announcement.
10	MOFCOM and GAC Notice 70 of 2025, Nov. 7, 2025. https://www.mofcom.gov.cn/zwgk/zcfb/art/2025/art_b1ec77dd3f0d4762952904df7cdaadec.html	Suspension to Nov. 10, 2026.
11	MOFCOM, outcomes of the eighth round of China-U.S. consultations, released Sept. 28, 2026. https://english.mofcom.gov.cn/News/SignificantNews/art/2026/art_c7903a2767d5475690e6e8d15839d817.html	Extension to Jan. 10, 2027.
12	MOFCOM 2026 announcement index, reviewed Oct. 14, 2026. https://www.mofcom.gov.cn/zcfb/blgg/gg/2026/index.html	No implementing extension located.
13	MOFCOM Notice 23 of 2026, Jun. 22, 2026. https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_dfa9cc5c1e004d7fbb86f83d249e7986.html	MP listed as item 9.
14	Noveon Magnetics and General Motors agreement, Aug. 6, 2025. https://noveon.co/general-motors-noveon-magnetics-sign-multi-year-agreement	GM deliveries since 2025.
15	Noveon Magnetics, Series C, Jan. 19, 2026. https://noveon.co/noveon-completes-series-c	Financing; expansion.
16	eVAC Magnetics, Sumter opening ceremony, Jul. 16, 2026. https://vacuumschmelze.com/Newsroom/evac-magnetics-holds-opening-ceremony-for-sumter-south-carolina-rare-earth-magnet-manufacturing-facility-n2902	Production since 2025.
17	eVAC Magnetics, first magnets, Dec. 2025. https://evac-magnetics.com/shared/eVAC-news-first-magnets	First-magnet shipment.
18	Neo Performance Materials, commercial production, Sept. 14, 2026. https://www.neomaterials.com/neo-advances-commercial-production-magnet-facility/	Tier-1 shipments, programs.
19	USA Rare Earth, Phase 1a commissioning, Mar. 26, 2026. https://investors.usare.com/news-releases/news-release-details/usa-rare-earth-achieves-major-operational-and-strategic	600 and 1,200 t/yr targets.
20	USA Rare Earth, Q2 2026 results, Exhibit 99.1, Aug. 10, 2026. https://www.sec.gov/Archives/edgar/data/1970622/000197062226000056/exhibit991-earningsrelease.htm	No disclosed magnet sales.
21	Energy Fuels, definitive agreement to acquire VAC, Jun. 23, 2026. https://investors.energyfuels.com/2026-06-23-Energy-Fuels-Announces-Definitive-Agreement-to-Acquire-VAC-for-1-9-Billion-Equity-Value	~\$1.9B equity value; early-2027 close.
22	Energy Fuels, Form 8-K, Oct. 13, 2026. https://www.sec.gov/Archives/edgar/data/1385849/000106299326005306/form8k.htm	eVAC dispute; amendment.
23	Construction Owners, report on first GM magnet deliveries, Oct. 7, 2026. https://www.constructionowners.com/news/mp-materials-begins-shipping-fort-worth-made-magnets-for-gm-electric-vehicles	Reviewed; not relied on.
24	GM Authority, report on upcoming GM magnet deliveries, Sept. 23, 2026. https://gmauthority.com/blog/2026/09/gm-about-to-take-delivery-of-rare-earth-magnets-from-mp-materials/	Reviewed; not relied on.

DISCLOSURES

Bottom Line and Investment-Risk Disclosure

Bottom line

MP has collected all \$150 million of GM's precursor prepayments, has \$45.5 million left to deliver, and began making magnets in December 2025, with industrial-scale equipment manufacture reported by MP without a date; GM is testing those magnets in its motors, and MP targets the first commercial deliveries for the fourth quarter of 2026.

The open question sits after that delivery. The segment's current revenue is a prepaid stream with an end point, its profit measure is stated before the start-up costs of commissioning magnet-making, government price support sits in the other segment, and revenue can be recorded before product moves. Against Western rivals, at least two of which already ship commercial volumes into vehicle programs, MP's advantage is integration from its own ore. Four stars records how much of MP's mine-to-magnet model the result would validate. It records nothing about which way it will go.

Next measurement

November 5, 2026: Q3 results after market close and the 5:00 p.m. ET call. I will look first for a delivery update, the remaining GM precursor balance and any segment commentary on finished-magnet mix, and record each against this baseline.

What would move my reading

Signals that would strengthen it	Signals that would weaken it
A primary delivery statement in Q4 2026	A revised delivery target or further qualification rounds
Segment commentary attributing revenue to finished magnets	Magnetics revenue shrinking as precursor sales end
Start-up costs falling as volumes rise	Rising bill-and-hold balances without shipment evidence

Source hierarchy and completeness

Facts about MP are bound to its SEC filings, credit agreement and company releases; GM's position comes from GM's own release, and each comparator is cited from its own release or filing. The register is complete for the GM precursor commitment, the qualification status, the segment data, the price protection agreement, the capital stack and the covenant terms shown. However, it is incomplete for commercial delivery dates, volumes, prices, acceptance and finished-magnet margins, none of which was located in the records reviewed through October 14, 2026. Two trade-press reports are listed because they were reviewed, not because they support any stage.

Grading and terminal rule

No outcome grade is issued here. Expected significance is retained at four stars. **Terminal review: pending author decision.**

***Investment-risk disclosure.** Independent research for informational and educational purposes. Not personalized investment advice, an offer, a solicitation, a recommendation, a rating, a price target, a stock prediction, or an expected-security-return analysis. Investing involves risk, including possible loss of principal. Figures are drawn from the primary sources listed on page 19 and are current as of the evidence date printed on page 1. Company-defined non-GAAP measures are not a substitute for results reported under GAAP.*