

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 13, 2026



USA Rare Earth, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-41711
(Commission File Number)

98-1720278
(I.R.S. Employer
Identification No.)

100 W. Airport Road, Stillwater, OK 74075
(Address of Principal Executive Offices) (Zip Code)

(813) 867-6155
(Registrant's telephone number, including area code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001	USAR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

As previously announced, USA Rare Earth, Inc. (“USAR,” “we,” “our,” and “us”) entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”), dated as of April 19, 2026, by and among (i) USAR, (ii) Middlebury Merger Sub Ltd., a business company limited by shares incorporated under the laws of the British Virgin Islands and an indirect, wholly owned Subsidiary of USAR, (iii) SVRE Holdings Ltd., a business company limited by shares incorporated under the laws of the British Virgin Islands (“SVRE”), and (iv) Serra Verde Rare Earths Ltd., a company incorporated and existing under the laws of the British Virgin Islands, solely in its capacity as the representative of SVRE’s shareholders. The Merger Agreement provides for the merger of SVRE with and into Merger Sub, with Merger Sub surviving such merger as an indirect, wholly owned subsidiary of USAR.

Item 8.01 Other Events.

In connection with the transactions contemplated by the Merger Agreement (the “Merger”) and to update certain risk factors previously disclosed in USAR’s Form 10-K for the year ended December 31, 2025 that was filed with the Securities and Exchange Commission (the “SEC”) on March 30, 2026, USAR is filing this Current Report on Form 8-K for the purpose of supplementing disclosures contained in USAR’s filings with the SEC.

The updated disclosures are set forth in Exhibit 99.1, 99.2 and 99.3 hereto and comprise the following information:

- Risks relating to the Merger
- Risks relating to SVRE
- Risks relating to USAR
- Information About SVRE
- Management’s Discussion and Analysis of Financial Condition and Results of Operations of SVRE
- Audited financial statements of SVRE for the years ended December 31, 2025 and 2024 (the “Audited Financial Statements”)
- Unaudited pro forma condensed combined financial statements of USAR for the year ended December 31, 2025, giving effect to the Merger.

A copy of the consent of PricewaterhouseCoopers Auditores Independientes Ltda. with respect to their report dated May 12, 2026 with respect to the Audited Financial Statements is included as Exhibit 23.1 hereto.

Cautionary Note Regarding Forward-Looking Statements

This report, including the exhibits filed hereto, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include those relating to the proposed U.S. government collaboration and the expected timing of executing definitive documents relating thereto, the proposed acquisition of Serra Verde Group (“SVG”), our business plans, strategy, goals and prospects, our plans for and prospects of our other acquisitions, investments and other business development activities, including the announced Carester SAS (“Carester”) and Texas Mineral Resources Corp. (“TMRC”) transactions and other statements regarding USAR’s expectations for future development, operations, strategies, transactions and financial performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. Words such as “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “growth,” “intend,” “may,” “might,” “plan,” “potential,” “project,” “propose,” “should,” “target,” “vision,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Forward-looking statements are subject to risks and uncertainties and potentially inaccurate assumptions that could cause actual results to differ materially from our expectations, including without limitation: risks that the proposed transactions with SVG, Carester and TMRC may not be consummated on their anticipated timelines or at all; we may not realize the anticipated benefits of our proposed and prior acquisitions, including expected synergies, financial performance, estimated EBITDA and, in the case of Serra Verde, integration of operations, on the anticipated timeline or at all; the ability of our Stillwater magnet manufacturing facility to commence commercial operations on the timing and with the production capacity anticipated or at all; our limited operating history; our ability to commercially extract minerals from the Round Top deposit on our anticipated timeline or at all; risks that we may experience delays, unforeseen expenses, increased capital costs, and other complications while developing our projects; our ability to raise necessary capital on acceptable terms or at all; potential dilution to existing stockholders and the adverse effect on our stock price if we issue additional common stock or equity-linked securities; the volatility of our stock price; our ability to enter into definitive agreements for the proposed U.S. government financing, which is subject to conditions precedent and final government approvals, on the anticipated terms or at all and, if executed, to satisfy the milestones and other conditions of such financing, which could impose conditions to access such financing over a period of time; the availability of rare earth oxide, metal feedstock and other materials, utilities (including power and water) and equipment in quantities and prices that allow us to develop and commercially operate our Stillwater facility and other facilities; our ability to meet individual customer specifications and produce a consistently high quality product; fluctuations in demand for and prices of neo magnets and our other products, including without limitation as a result of dumping, predatory pricing and other tactics by USAR's competitors or state actors or the overall competitive environment; our ability to achieve positive cash flow or profitability or the ability to access cash flow within our corporate structure due to restrictions contained in our financing agreements; our ability to convert current commercial discussions and/or memorandums of understanding with customers for the sale of our neo magnets and other products into definitive orders; geopolitical developments or disruptions, such as changes in the political environment, export/import or environmental policy of the People's Republic of China, the United States or other countries in which we operate or sell products or otherwise; war, terrorism, natural disasters or public health emergencies; our ability to retain or recruit key personnel; environmental, health and safety regulations; and our ability to comply with requirements for federal, state and local government incentives and financing.

Additional risks and detailed information regarding factors that may cause actual results to differ materially has been and will be included in the Company's filings with the SEC. Any forward-looking statements speak only as of the date of this report (or such other date as is specified in such statements), and USAR undertakes no obligation to update any forward-looking statements as a result of new information or future events or developments, except to the extent required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are attached with this current report on Form 8-K:

Exhibit No.	Description
23.1	Consent of PricewaterhouseCoopers Auditores Independientes Ltda.
99.1	Risk factors
99.2	Supplemental disclosures
99.3	Audited financial statements of SVRE Holdings Ltd. for the years ended December 31, 2025 and 2024
99.4	Unaudited pro forma condensed combined financial statements of USAR for the year ended December 31, 2025
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USA Rare Earth, Inc.

Date: May 13, 2026

By: /s/ Valerie Ford Jacob

Valerie Ford Jacob
Chief Legal Officer

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-288885) of USA Rare Earth, Inc. of our report dated May 12, 2026 relating to the financial statements of SVRE Holdings Ltd., which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.

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May 13, 2026

RISK FACTORS

Unless otherwise noted or the context otherwise requires, references to the “Company,” “USAR,” “USA Rare Earth” “we,” “us,” or “our” refer to USA Rare Earth, Inc. and its subsidiaries and references to the “SVRE Merger” refer to merger of SVRE Holdings Ltd. (“SVRE”) with and into Middlebury Merger Sub Ltd. (“Merger Sub”), an indirect, wholly owned subsidiary of USAR, with Merger Sub continuing as the surviving company and an indirect, wholly owned subsidiary of USAR, pursuant to the Agreement and Plan of Merger, dated as of April 19, 2026 (as it may be amended from time to time, the “Merger Agreement”), by and among USAR, Merger Sub, SVRE and Serra Verde Rare Earths Ltd., as Shareholder Representative. The following discussion sets forth what management currently believes could be the most significant risks and uncertainties that could impact our business, results of operations, and financial condition. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in USAR’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 30, 2026. If any of the following events occur, our business, results of operations, and financial condition may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations. References to past events are provided by way of example only and they or the lack of reference to any past event or example are not intended to be a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future.

Risks relating to the SVRE Merger

If the public markets assign lower values to the SVRE business than the values used in negotiating the terms of the SVRE Merger, the trading price of Common Stock may decline.

The stock of SVRE is not publicly traded, so there is no current market-based valuation for SVRE’s business. In negotiating the SVRE Merger, we used what we believe to be a reasonable valuation for SVRE and considered the advice of our financial advisor in the SVRE Merger. The public markets may not value the SVRE business in the same manner as we have valued it for purposes of negotiating the terms of the SVRE Merger. If either USAR’s future financial performance is materially better than projected (and SVRE does not also perform materially better), or if SVRE’s future financial performance is materially lower than projected (and USAR’s performance is not similarly lower), the market may conclude that the value assigned to SVRE in the SVRE Merger was too high. In any of these events, the trading price of the shares of USAR’s common stock, par value \$0.0001 per share (“Common Stock”), may decline.

The SVRE Merger may not be completed on its anticipated timeline or at all, which could adversely affect USAR’s business operations and stock price.

To complete the SVRE Merger, USAR stockholders must approve the issuance of Common Stock as contemplated by the Merger Agreement. In addition, the Merger Agreement contains additional closing conditions. These conditions may not be satisfied or waived.

If we are unable to complete the SVRE Merger, USAR would be subject to a number of risks, including the following:

- USAR would not realize the benefits of the SVRE Merger; and
- the trading price of Common Stock may decline to the extent that the current market price reflects a market assumption that the SVRE Merger will be completed.

The occurrence of either of these events individually or in combination could have a material adverse effect on the results of operations, financial position and cash flows of USAR or the trading price of our Common Stock.

While the SVRE Merger is pending, USAR and SVRE are subject to business uncertainties and contractual restrictions that could disrupt their respective businesses or give rise to the termination of the Merger Agreement.

The Merger Agreement contains customary representations, warranties and covenants of the parties, including, among others, covenants by each of USAR and SVRE to conduct their respective businesses in the ordinary course between the execution of the Merger Agreement and the consummation of the SVRE Merger and not to engage in certain kinds of transactions during such period without the other party's consent (including with respect to dividends, capital expenditures above specified thresholds, the incurrence of indebtedness, the issuance of equity securities (subject to specified carve-outs), and acquisitions and dispositions of assets). These restrictions may prevent us from pursuing otherwise attractive business opportunities in accordance with our business strategy or making other changes to our business prior to the closing or termination of the Merger Agreement. These restrictions could be in place for an extended period of time if the consummation of the merger is delayed and could adversely affect USAR's or SVRE's financial condition and results of operations.

USAR may fail to realize the anticipated benefits of the SVRE Merger and its other proposed and prior acquisitions, including expected synergies, financial performance and integration of operations, on the anticipated timeline or at all.

USAR believes that there are significant benefits and synergies that may be realized through combining its existing business with SVRE's business, as well as through the proposed transaction with Carester SAS ("Carester") (the "Carester Transaction") and the proposed acquisition of Texas Mineral Resources Corp. ("TMRC") (the "TMRC Transaction"). However, the effort to realize these benefits and synergies is a complex process and may disrupt the operations of USAR, SVRE or the businesses involved in the Carester Transaction or the TMRC Transaction if not implemented in a timely and efficient manner.

The full benefits of the SVRE Merger, including the anticipated synergies, financial performance, growth opportunities and supply-chain benefits, may not be achieved within the time frame USAR anticipates or at all. The synergies achieved could be less than currently anticipated, and integration may result in additional or unforeseen expenses. Integration efforts also may divert management's attention and resources, and we could also experience disruptions due to the combination of different management teams. In addition, the integration of SVRE's operations is expected to be complex, and USAR is required to devote significant attention and resources to successfully align the respective business practices and operations of USAR and SVRE. This process and other integration challenges may disrupt USAR's business and limit the anticipated benefits of the SVRE Merger.

Failure to achieve the anticipated benefits of the SVRE Merger, the Carester Transaction or the TMRC Transaction, or to identify all of the risks associated with these transactions, could adversely affect the combined company's results of operations or cash flows, decrease or delay any accretive effect of the SVRE Merger, and negatively impact the price of our Common Stock and the combined company's long-term value.

Following the consummation of the SVRE Merger, the combined company will be subject to political, economic, regulatory, tax, currency and other risks associated with SVRE's operations in Brazil and Switzerland that could adversely affect the combined company's business, results of operations and financial condition.

SVRE conducts its mining and processing operations in Brazil through its Brazilian subsidiary. SVRE's Swiss subsidiary, SV Management Switzerland AG, co-ordinates the sale of product to third-parties. As a result, following the closing the combined company will be subject to a range of risks inherent in operating internationally, including: the application of additional and changing legal, regulatory and taxation regimes (including in respect of mining, environmental, health and safety, labor, anti-corruption, sanctions, trade and customs matters); the requirement to obtain and maintain governmental permits and authorizations to operate the Pela Ema mine and processing plant; price controls, exchange controls and limitations on the repatriation of earnings; political, social and economic instability and disruptions in Brazil and other applicable regions (including in connection with Brazilian elections and changes in administration or legislative priorities); fluctuations in foreign currency exchange and interest rates (including with respect to the Brazilian real and the Swiss franc); difficulties in staffing and managing multinational operations across multiple time zones, languages and legal systems; and limitations on the ability to enforce legal rights and remedies in foreign jurisdictions. If the combined company is unable to successfully manage these and other risks associated with the integration and management of SVRE's operations, such risks could have a material adverse effect on the combined company's business, results of operations or financial condition.

In addition, the SVRE Merger and the combined company's Brazilian operations may be subject to heightened scrutiny from political parties, governmental authorities, non-governmental organizations, community groups and other interested parties, including through litigation, legislative or regulatory initiatives or other actions concerning foreign ownership or operation of Brazilian strategic mineral assets. For example, on April 25, 2026, a Brazilian political party filed a petition with the Brazilian Supreme Court (Supremo Tribunal Federal) raising constitutional concerns relating to the protection of the national interest in strategic mineral resources in connection with the SVRE Merger; a separate complaint has been submitted to the Brazilian Attorney General (Procurador-Geral da República) by members of another Brazilian political party requesting an investigation into governmental conduct relating to U.S.-Brazil cooperation on critical minerals and rare earths; and a member of the Brazilian Congress has filed a complaint with the Brazilian antitrust authority (Conselho Administrativo de Defesa Econômica, or CADE) and the Brazilian Ministry of Mines and Energy requesting that CADE review the SVRE Merger, including under its statutory authority to call in transactions that do not meet mandatory notification thresholds, and raising concerns relating to vertical integration, exclusivity arrangements and supply chain effects. Although USAR does not believe that these matters or similar actions, if commenced, would prevent the consummation of the SVRE Merger, any such actions or initiatives could result in increased regulatory or governmental scrutiny of the combined company's Brazilian operations, additional or more burdensome compliance requirements, increased legal and management expense, reputational harm and other operational challenges, any of which could have a material adverse effect on the combined company's business, results of operations and financial condition.

The combined company's success following the SVRE Merger will depend, in part, on its ability to retain and motivate key employees.

The success of the combined company following the SVRE Merger will depend, in part, on the retention of key employees of USAR and SVRE, including SVRE's senior leadership team. As a condition to the closing, USAR is required to appoint Sir Mick Davis and Thrás Moraitis to the Board of Directors of USAR (the "Board"), and certain SVRE key employees have entered into employment letter agreements that will become effective at the closing. It is possible that one or more of these or other key employees might decide not to remain with the combined company following the closing, and the loss of any such key employees could have a material adverse effect on the combined company's business, financial condition, results of operations and growth prospects. In addition, no assurance can be given that USAR, after completion of the SVRE Merger, will be able to attract management personnel and other key employees to the same extent that USAR and SVRE have previously been able to attract their own employees.

The issuance of shares of Common Stock in the SVRE Merger and other contemplated issuances will dilute the voting power of existing USAR stockholders and their percentage interest in any future earnings of USAR.

In connection with the SVRE Merger, USAR will issue 126,849,307 shares of Common Stock to the former SVRE securityholders as aggregate stock merger consideration.

As a result, the issuance of shares of Common Stock in the SVRE Merger will significantly reduce the relative voting power of existing USAR stockholders and dilute their percentage interest in any future earnings, dividends or other distributions of USAR. The actual extent of any such dilution will depend on a number of factors, including the number of shares of Common Stock outstanding at the effective time of the SVRE Merger, the future operating results of USAR and the combined company, and the timing and amount of any future issuances of Common Stock or other equity securities by USAR.

The impact of dilution to USAR's shareholders will also be impacted by other transactions that are currently pending or contemplated, or that may be entered into in the future, including (1) USAR's agreement to issue 3,823,328 shares of Common Stock as merger consideration in connection with the TMRC Transaction, (2) USAR's agreement to issue \$277 million of Common Stock and warrants to acquire approximately 17.5 million shares of Common Stock as part of the Expected U.S. Government Transaction (as defined below) contemplated by the non-binding letters of intent with the U.S. Department of Commerce, (3) our commitment to issue approximately \$13.5 million of Common Stock (or pay cash) to Carester in connection with the Carester Transaction, and (4) our obligation to issue an additional 5.05 million shares of Common Stock as earnout shares if our stock price stays over \$20 for 20 out of 30 trading days.

USAR will incur significant transaction, compliance and other merger-related fees and costs.

USAR has incurred and expects to continue to incur significant transaction fees and other non-recurring costs associated with negotiating and completing the SVRE Merger. In addition, USAR expects to incur costs associated with combining the operations of its business with those of SVRE. The amount of transaction costs expected to be incurred is a preliminary estimate and subject to change. In addition, it is expected that USAR's costs related to legal and regulatory compliance may increase substantially, at least in the near term, because SVRE has not previously been required to comply with the reporting, internal control, public disclosure and similar legal and regulatory compliance obligations and requirements applicable to publicly traded companies. Although USAR expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term or at all.

The public resale by former SVRE securityholders of Common Stock received in the SVRE Merger could have a negative effect on the trading price of Common Stock following completion of the SVRE Merger.

In the SVRE Merger, we will issue 126,849,307 shares of Common Stock to the SVRE securityholders, including Serra Verde Rare Earths Ltd., VB (Rare Earths) Limited and EMG Fund V SVRE Holdings, LLC, who we expect will be the three largest holders of our Common Stock following the SVRE Merger. None of these shares will be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") at closing and they will only be able to be resold pursuant to a separate registration statement or an applicable exemption from registration (under both federal and state securities laws). The shares will be subject to contractual restrictions under the terms of the Registration Rights Agreement expected to be entered into at closing of the SVRE Merger by and among USAR and the SVRE securityholders that are entitled to receive shares of Common Stock as consideration for the SVRE Merger (the "Registration Rights Agreement") and under the terms of the Lockup Agreements (as defined below).

The former SVRE securityholders have certain rights to require USAR to register their shares for public resale under the terms of the Registration Rights Agreement and we have agreed to file a resale registration statement on Form S-3 immediately following the closing of the SVRE Merger to register the resale of such shares of USAR held by the former SVRE security holders. Once registered, the shares of USAR held by the former SVRE security holders will be freely tradable and will not be subject to any restrictions or require further registration under the Securities Act, subject to compliance with the contractual restrictions contained in the Lockup Agreements. In addition, if we propose to register any of our shares in a registered public offering, the former SVRE securityholders have a right to include their shares in such offering through a valid piggyback registration of shares, subject to the right of the underwriters of an offering to limit the number of shares included in such registration.

The former SVRE securityholders entitled to receive shares of Common Stock as merger consideration will enter into a Lockup Agreement with USAR (each, a "Lockup Agreement"). Each Lockup Agreement will become effective at the closing of the SVRE Merger and will impose transfer restrictions on the shares of Common Stock held by the former SVRE securityholder immediately following the closing (excluding shares acquired in the public market) in three equal tranches.

If all or a substantial portion of these shares of our Common Stock issued in the SVRE Merger are resold into the public markets or there is a perception that such sales may occur, the market for and the trading price of our Common Stock may be adversely affected. Any such sales of our Common Stock issued in the SVRE Merger may also make it more difficult for us to raise capital by selling equity or equity-related securities at a time and price that we otherwise would deem appropriate.

USAR may not enter into definitive agreements for the proposed U.S. government financing on the anticipated terms, on the anticipated timeline, or at all, and, if executed, USAR may be unable to satisfy the milestones and other conditions required to access such financing.

USAR's business plans and capital requirements depend, in part, on its ability to obtain U.S. government financing on acceptable terms and on the anticipated timeline. The negotiation, execution and effectiveness of any such financing are subject to a number of conditions precedent and final government approvals outside USAR's control, and changes in U.S. governmental policy or budgetary priorities, changes in administration, congressional action or shifts in the strategic priorities of the relevant U.S. government counterparties could result in material changes to the proposed terms or in the abandonment of the proposed financing altogether. For example, USAR has entered into non-binding letters of intent with the DOC (as defined below) contemplating a long-term financing package ("the Parent Loan Agreement"), which had not been entered into as of May 13, 2026, and there can be no assurance that the Parent Loan Agreement will be entered into on the anticipated terms, on the anticipated timeline, or at all. If the Parent Loan Agreement (or any other U.S. government financing) is entered into, USAR's ability to draw down funds is expected to be subject to ongoing conditions, including the achievement of construction, operational, financial and other milestones over an extended period of time, compliance with affirmative and negative covenants and the absence of defaults. The failure to satisfy any such milestones or conditions could delay or prevent USAR from accessing all or a portion of the financing on the anticipated terms or at all, and could require USAR to seek replacement financing on less favorable terms. If USAR is unable to access the contemplated financing in a timely manner or in the amounts currently expected, USAR may need to delay, scale back or abandon the development of strategic initiatives, which could have a material adverse effect on USAR's and the combined company's business, financial condition, results of operations and prospects, and on the trading price of Common Stock.

The combined company will assume substantial indebtedness under SVRE's Retained Finance Agreement with the DFC, which contains restrictive covenants and other requirements that could adversely affect the combined company's financial flexibility, operations and ability to consummate the SVRE Merger.

In connection with the SVRE Merger, Merger Sub, as the surviving company in the SVRE Merger, will continue to be obligated under the Finance Agreement entered into on January 21, 2026 by and between SVRE and the U.S. International Development Finance Corporation ("DFC"), which was amended on March 5, 2026 (as further amended from time to time, the "Retained Finance Agreement"), which provides SVRE with long-term debt financing in an aggregate principal amount of up to \$565.0 million to support its rare earth mining and processing operations, consisting of (i) a first tranche in a principal amount of up to \$465.0 million (the "Initial Loan") and (ii) a second tranche in a principal amount of up to \$100.0 million (the "Incremental Loan" and, together with the Initial Loan, the "DFC Loan"). The full disbursement of the Incremental Loan is required to occur prior to, and is a condition to, the closing of the SVRE Merger, and the SVRE Merger is also conditioned on the receipt of certain consents, amendments or waivers from the DFC, including the release of the SVRE securityholders from an equitable share mortgage granted in favor of the DFC over certain SVRE shares. If SVRE is unable to cause the Incremental Loan to be fully disbursed prior to 5:00 p.m. Eastern Time on December 31, 2026, or if any of the required DFC consents, amendments or waivers is not obtained, is delayed or is conditioned on terms that USAR or SVRE is unwilling or unable to accept, the SVRE Merger may not be completed on its anticipated timeline or at all, which could have a material adverse effect on USAR's business, financial condition, results of operations and the trading price of Common Stock.

As a condition to providing the consents required in connection with the SVRE Merger, the DFC may require Merger Sub to execute and deliver a joinder, assumption or confirmation agreement pursuant to which Merger Sub assumes or confirms SVRE's obligations under the Retained Finance Agreement and to maintain or re-create the related security interests and liens. In addition, pursuant to the DFC Side Letter to be entered into by SVRE and DFC as a condition to the disbursement of the Incremental Loan, the DFC has the right to nominate an observer and a director to the board of directors of Merger Sub, the appointment of which, if so designated, is a condition to USAR's obligation to complete the SVRE Merger. The Retained Finance Agreement also contains financial maintenance covenants and customary affirmative and negative covenants, including restrictions on SVRE's ability to pay dividends and make other restricted payments as detailed below, incur additional indebtedness, grant liens, dispose of assets and take certain other actions, that could limit the operational and financial flexibility of the combined company following the closing, restrict its ability to pursue alternative financing or strategic initiatives on favorable terms and require the combined company to dedicate a portion of its cash flow to the service and repayment of the indebtedness owed to the DFC, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Importantly, the Retained Finance Agreement will restrict Merger Sub's ability to distribute cash to USAR or any of its affiliates following the closing of the SVRE Merger. Merger Sub will be generally prohibited from paying any dividend or other distribution on its equity interests, repaying any debt owed to a shareholder or affiliate (other than another obligor under the Retained Finance Agreement), or paying any management, development or operating fees to any affiliate (each, a "Restricted Payment"), unless certain conditions (the "Restricted Payment Conditions") are satisfied at the time of the proposed Restricted Payment. These conditions include, among others, that the debottlenecking and optimization project at SVRE's mine has been completed, that at least one full principal installment on the DFC Loan has been paid from cash revenues received under an offtake agreement, that no default or event of default exists under the Retained Finance Agreement, that specified historic and prospective debt service coverage ratios (each not less than 1.3 to 1.0) are satisfied for the four most recently ended fiscal quarters, that each reserve account is funded to its required level (including a debt service reserve and an operation and maintenance reserve), that a specified minimum cash balance is maintained outside the reserve and restricted payments accounts, and that no offtake counterparty is in material default. In addition, even when permitted, each Restricted Payment generally requires SVRE to simultaneously prepay the DFC Loan in an amount equal to 50% of the amount being distributed (or, in the case of the Incremental Loan, 25% of the amount being distributed), in each case subject to a maximum aggregate cap of \$465,000,000 (reduced dollar-for-dollar by prior voluntary prepayments). As a result, USAR and its other affiliates should not expect to receive any cash dividends, distributions, intercompany loan repayments, management fees or other upstream cash payments from Merger Sub for an extended period following the closing, and may never receive such payments if the foregoing conditions are not satisfied. This lack of access to Merger Sub's cash flows could materially limit the combined company's liquidity, ability to service indebtedness incurred at the parent level, pay dividends to its stockholders, fund operations or pursue strategic initiatives.

The combined company's failure to comply with the covenants and other obligations under the Retained Finance Agreement, or the occurrence of any other event of default thereunder, could result in the acceleration of the indebtedness owed to the DFC and the enforcement of the related security interests, and could trigger cross-default, change of control or similar provisions under SVRE's other material contracts. If the combined company is required to repay the indebtedness owed to the DFC prior to its scheduled maturity, it may be required to refinance such indebtedness on less favorable terms, raise additional capital on dilutive or otherwise unfavorable terms, or delay, scale back or abandon strategic initiatives, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects, and on the trading price of Common Stock.

USAR will have continuing contractual obligations related to the SVRE Merger, which will impact its business and corporate governance.

The Board Appointment Agreement to be entered into by and between USAR and VB (Rare Earths) Limited, Registration Rights Agreement, employment letter agreements with key employees of SVRE and other transaction documents include obligations that will be in effect after the completion of the SVRE Merger, including board matters, registration rights, and employment obligations to certain SVRE key employees. These continuing obligations could limit the Board's flexibility with respect to board composition and corporate governance matters, require USAR to devote management time and resources to compliance with its registration and other contractual commitments, and result in significant additional shares of Common Stock becoming available for public resale, which could adversely affect the market price of Common Stock.

In addition to the SVRE Merger and the other transactions described herein, USAR may pursue and consummate additional acquisitions or other strategic transactions at any time, which may be announced before, concurrently with or after the special meeting of stockholders of USAR related to the SVRE Merger and which could be material to USAR and the combined company.

As part of its ongoing business strategy, USAR regularly evaluates potential acquisition opportunities and other strategic transactions in the ordinary course of business, and from time to time engages in discussions and negotiations with potential acquisition targets, partners and others and may enter into letters of intent, term sheets or other preliminary agreements with respect to potential acquisitions or other strategic transactions. In addition to the SVRE Merger, USAR has entered into non-binding letters of intent with the U.S. Department of Commerce in respect of the Parent Loan Agreement and has entered into definitive agreements in respect of the Carester Transaction and the TMRC Transaction. USAR may, at any time before, concurrently with or following the special meeting of stockholders of USAR related to the SVRE Merger (the "Special Meeting") and the closing of the SVRE Merger, enter into additional letters of intent or definitive agreements with respect to additional acquisitions or strategic transactions, subject to restrictions in the Merger Agreement on USAR's pre-closing conduct. There can be no assurance that any such transaction will be consummated on the terms contemplated, or at all. Any such additional transaction may be material to USAR and the combined company and could result in additional dilution to USAR stockholders, the incurrence of additional indebtedness, the assumption of unknown or contingent liabilities, integration challenges, diversion of management's attention and additional transaction costs. The pendency, announcement or consummation of any such additional transaction, or the failure to consummate any such transaction, could have a material adverse effect on USAR's and the combined company's business, financial condition, results of operations and prospects, and on the trading price of Common Stock. USAR stockholders voting on the share issuance proposal at the Special Meeting will not have the opportunity to evaluate, and are not being asked to approve, the specific terms of any such additional transactions, which may not be known at the time of the Special Meeting.

The SVRE Merger is subject to the receipt of consents and approvals or waivers from government entities that may not be received, may take longer than expected or may impose burdensome conditions.

Before the SVRE Merger may be completed, approvals or waivers must be obtained from US SIIE, LLC, a special purpose vehicle capitalized by the U.S. government and private capital sources, in connection with the offtake agreement dated April 20, 2026 by and between SV Management Switzerland AG, a subsidiary of SVRE, and US SIIE, LLC (as amended from time to time, the “Offtake Agreement”) for the long-term supply of rare earth materials produced by SVRE and related call option agreement to be entered into by and among SVRE, certain SVRE securityholders and US SIIE, LLC on or before the closing date (as amended from time to time, the “Call Option Agreement”), the DFC in connection with the Retained Finance Agreement and the U.S. Department of Commerce in connection with the Parent Loan Agreement. Government entities could impose conditions on their approvals or waivers needed in connection with approval of the SVRE Merger or require changes to the terms of the SVRE Merger. Such conditions or changes could have the effect of delaying or preventing completion of the SVRE Merger or imposing additional costs on or limiting the revenues of the combined company following the SVRE Merger, any of which might have an adverse effect on the combined company following the SVRE Merger.

The unaudited pro forma financial information and unaudited forecasted financial information included in the Proxy Statement is for illustrative purposes only and the actual financial condition and results of operations of USAR after the SVRE Merger may differ materially.

The unaudited pro forma condensed combined financial information included in Exhibit 99.4 and unaudited forecasted financial information included in the preliminary proxy statement related to the SVRE Merger filed with the SEC on May 13, 2026 (the “Proxy Statement”) is presented for illustrative purposes only and is not necessarily indicative of what USAR’s actual financial condition or results of operations would have been had the SVRE Merger been completed on the dates indicated, nor is it indicative of the future financial condition or results of operations of the combined company.

The unaudited pro forma condensed combined financial information reflects adjustments that are based upon preliminary estimates, including to record the identifiable SVRE assets acquired and liabilities assumed at fair value and to record the resulting goodwill. The fair value estimates reflected in Exhibit 99.4 are preliminary, and final amounts will be based upon the actual consideration paid and the fair value of the assets and liabilities of SVRE as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in Exhibit 99.4, and these differences could have a material impact on the combined company’s reported financial position and results of operations following the closing.

The forecasted financial information included in the Proxy Statement was not prepared with a view toward public disclosure, and such unaudited forecasted financial information was not prepared with a view toward compliance with published guidelines of any regulatory or professional body for the preparation or presentation of prospective financial information. Neither BDO USA, P.C. (USAR’s independent accountants), nor any other independent accountants, have audited, reviewed, compiled nor applied agreed upon procedures, examined or performed any procedures with respect to the forecasted financial information contained in the Proxy Statement, nor have they expressed any opinion or any other form of assurance on such information or the achievability thereof, and, accordingly, such independent accountants assume no responsibility for, and disclaim any association with, USAR’s and SVRE’s forecasted financial information. The reports of such independent accountants included or incorporated by reference in the Proxy Statement, as applicable, relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in the Proxy Statement and should not be read to do so. The forecasted financial information included in the Proxy Statement speaks only as of the date on which such information was prepared, and USAR does not undertake any obligation, other than as required by applicable law, to update the forecasted financial information included herein to reflect events or circumstances after the date the forecasted financial information was prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances.

SVRE is, and the combined company will be, subject to extensive environmental, health and safety laws and regulations.

SVRE's operations are subject to extensive Brazilian federal, state and local laws and regulations governing environmental, health and safety matters, including regarding the permitting, operation, monitoring, closure, reclamation and remediation of mining sites. Any failure to comply fully with all applicable laws, regulations and permits could subject the combined company to administrative, civil or criminal fines or penalties, directives suspending or limiting operations or the imposition of other compliance measures or sanctions, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and growth prospects.

Governmental authorities have in the past undertaken, and may in the future undertake, investigations or enforcement actions with respect to SVRE's operations, or the operations of the combined company after the SVRE Merger, which could result in fines, revocation of environmental licenses and permits or suspension of SVRE's activities, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and growth prospects. The proposed merger may attract additional regulatory attention to SVRE's operations. Any perception by regulators or the public that the combined company is not adequately addressing environmental and social issues at the site could result in heightened scrutiny, additional conditions on operating permits, delays in obtaining new authorizations required for planned expansion activities or adverse publicity. Furthermore, any existing enforcement proceedings and outstanding compliance obligations of SVRE will become obligations of the combined company following the closing of the SVRE Merger, and the combined company will be responsible for all related fines, penalties, remediation costs, and any resulting litigation or claims.

The opinion of USAR's financial advisor will not reflect changes in circumstances that may occur or that may have occurred between the signing of the Merger Agreement and the closing of the SVRE Merger.

On April 19, 2026, Moelis & Company LLC ("Moelis") delivered its oral opinion to the Board, which was subsequently confirmed by delivery of Moelis' written opinion, dated April 19, 2026, to the effect that, as of such date and based upon and subject to assumptions made, procedures followed, matters considered and qualifications and limitations set forth in the opinion, the consideration to be paid by USAR in the SVRE Merger was fair from a financial point of view to USAR.

However, USAR has not obtained any updated opinion from its financial advisor as of the date of this filing and does not expect to receive updated, revised or reaffirmed opinions prior to the consummation of the SVRE Merger. Changes in the operations and prospects of USAR or SVRE, general market and economic conditions and other factors that may be beyond the control of USAR, and on which the financial advisor's opinion were based, may significantly alter the value of USAR or SVRE or the value of their respective equity by the time the merger is completed, and thus the fairness of the merger consideration, from a financial point of view, to USAR. However, the opinion does not speak as of the time the SVRE Merger will be completed or as of any date other than the date of such opinion. As a result, the opinion does not and will not address the fairness, from a financial point of view, of the merger consideration to be paid by us in the SVRE Merger pursuant to the Merger Agreement at the time the SVRE Merger is completed or at any time other than the date when the opinion was rendered.

USAR may waive one or more of the conditions to completion of the SVRE Merger without re-soliciting shareholder approval.

USAR may, subject to applicable law, determine to waive, in whole or part, one or more of the conditions to completion of the SVRE Merger prior to consummating the SVRE Merger. Any determination whether to waive any conditions, or to re-solicit shareholder approval to amend or supplement the Proxy Statement as a result of such a waiver, will be made by USAR at the time of such waiver based on the facts and circumstances as they exist at that time.

The market price of Common Stock may continue to fluctuate after the SVRE Merger.

The market price of Common Stock may fluctuate significantly following completion of the SVRE Merger and holders of Common Stock could lose some or all of the value of their investment in such shares. In addition, the stock market has experienced significant price and volume fluctuations in recent times which, if they continue to occur, could have a material adverse effect on the market for, or liquidity of, our Common Stock, regardless of USAR's actual operating performance.

Risks relating to SVRE

SVRE faces physical climate risks, including extreme weather events and rising temperatures, that could disrupt operations at the Pela Ema mine and processing plant in Brazil and materially adversely affect the combined company's business and results of operations.

SVRE's mining and processing operations at the Pela Ema mine in Goiás, Brazil are exposed to significant physical climate risks, including extreme weather events such as floods, droughts, and rising temperatures that threaten operational continuity, supply chain integrity, and employee health and safety. Events such as fire, explosion, flood, or extreme weather can cause significant damage to SVRE's mine facilities, processing equipment, and infrastructure at the Pela Ema mine, resulting in disruptions to operations, energy inefficiencies, and delays to critical logistics and transportation networks. In addition, transition risks arising from regulatory shifts, including the implementation of Brazil's carbon trading system, could increase operational costs and necessitate substantial investment in new technologies and processes to achieve compliance. If any of these climate-related risks materialize, they could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

SVRE's inability to meet product quality specifications, including radionuclide requirements, could limit its market opportunities and materially adversely affect the combined company's revenue.

SVRE's ability to sell its rare earth products may depend on meeting stringent product quality specifications, including requirements related to radionuclide content and other impurities. Failure to consistently meet these specifications could result in reduced product quality, inability to satisfy customer requirements, lower demand, financial consequences, and limited sales options. If SVRE is unable to achieve and maintain the requisite product quality, it could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Exchange rate volatility, inflation in Brazil, changes in Brazilian tax laws, and financial reporting risks could materially adversely affect the combined company's financial condition and results of operations.

SVRE's cash flows are subject to exchange rate volatility because product prices are predominantly indexed to the U.S. dollar while a significant portion of operating costs are denominated in Brazilian Reals. Unfavorable movements in the BRL/USD exchange rate could significantly impact profitability. The Brazilian currency has historically been subject to significant exchange rate fluctuations in relation to the US dollar and other currencies and has been devalued from time to time over the past decades. These exchange rate movements have been attributable to economic conditions in Brazil, Brazilian governmental policies and actions, developments in global foreign exchange markets and other factors.

In addition, unanticipated changes in Brazilian tax laws could increase the combined company's tax burden, and inflation in Brazil could increase the cost of labor, energy, and other inputs. Brazil has historically faced high rates of inflation. Such inflation combined with certain measures taken by the Brazilian government in an attempt to curb inflation have, historically, adversely affected the Brazilian economy. Financial reporting and accounting risks, including inaccuracies in asset valuation and inventory errors, could further impact financial results. These financial risks could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Interventions by the Brazilian government in the local economy could have a material adverse effect on the combined company's business, financial condition and results of operations.

The Brazilian government has from time to time intervened in the Brazilian economy by changing monetary, tax, credit and tariff policies to influence the course of the Brazilian economy. Government actions to control inflation and implement other policies can include monetary and fiscal policies, wage and price freezing, exchange rate policies, capital controls and import restrictions. Any of these changes could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Brazilian law permits the Brazilian government to impose temporary restrictions on conversions of Brazilian currency into foreign currencies and on remittances to foreign investors of proceeds from their investments in Brazil, whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to expect a pending serious imbalance. Although no such restrictions are currently in place, Brazilian banks may also impose similar restrictions on conversions and remittances. Any imposition of restrictions on conversions and remittances could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Supply chain disruptions and logistics constraints could delay product delivery and disrupt SVRE's access to essential materials, materially adversely affecting the combined company's operations.

SVRE's operations depend on reliable supply chains and logistics infrastructure for both the delivery of finished products to customers and the receipt of essential inputs including diesel, electricity, water, reagents, and equipment. Product delivery may be disrupted or delayed due to road, storage, and port infrastructure constraints, customs clearance issues, port congestion, carrier and container availability, and increasing insurance costs. Political, economic, climate, or social factors, such as the ongoing conflict in the Middle East, can lead to disruptions affecting the availability and cost of essential materials and equipment. These supply chain and logistics risks could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Delays in obtaining or renewing permits and licenses, and regulatory investigations or penalties, could slow SVRE's production and materially adversely affect the combined company's business.

SVRE's mining and processing operations require numerous permits and licenses from Brazilian federal, state, and municipal authorities. Delays in obtaining or renewing necessary permits or licenses can slow production or delay improvement and expansion projects. The Brazilian mining regulatory regime requires ongoing compliance with environmental, safety, and operational standards, and any failure to maintain compliance could result in lawsuits, regulatory investigations, substantial penalties, or suspension of operations. These permitting, licensing, and regulatory risks could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Changes in royalty rates or the imposition of new royalties at the federal, state, or municipal level in Brazil could reduce SVRE's cash flows and materially adversely affect the combined company's financial condition.

SVRE's operations are subject to Federal royalties over mining products in Brazil, and any changes to current royalty rates or the approval of new royalties at the state or municipal level could result in significant cash flow reductions. In addition, SVRE is party to two Royalty Agreements with affiliates of Orion Mine Finance pursuant to which Orion holds a perpetual royalty interest at a royalty rate of 5.25% (in the aggregate) in respect of all products extracted and recovered from the SVRE rare earths projects located in Brazil. Any increase in governmental royalty rates, combined with existing contractual royalty obligations, could significantly reduce the profitability of SVRE's operations and have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

SVRE's inability to attract, retain and develop skilled employees during its operational ramp-up could disrupt operations and materially adversely affect the combined company's business.

SVRE's operations require a skilled workforce in a remote area of central Brazil, and SVRE faces significant risks related to the shortage of skilled labor necessary for efficient operations, the failure to attract and retain high-caliber employees during the ramp-up of the Pela Ema mine and processing plant, and non-compliance with fair employment practices, diversity and non-discrimination requirements, and laws pertaining to freedom of association and collective bargaining. SVRE anticipates hiring a significant number of additional full-time employees as part of its ramp-up to full Phase I capacity, and there can be no assurance that SVRE will be able to recruit and retain the personnel needed to operate the Pela Ema facility at the planned scale. Competition for experienced mining and processing personnel, labor market dynamics in the region, and the specialized nature of rare earth operations may make it difficult to attract qualified candidates. Any failure to build and maintain a skilled workforce could result in operational inefficiencies, increased costs, safety incidents, and delays to the ramp-up and expansion of operations, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

In addition, various federal labor laws govern SVRE's relationships with its employees. SVRE's business may be adversely affected by legal or governmental proceedings brought by or on behalf of employees, including lawsuits alleging violations of federal law governing workplace and employment matters such as various forms of discrimination, wrongful termination, harassment and similar matters. Brazil has specialized courts for labor disputes, which have jurisdiction over any disputes involving a company and their employees. Brazilian labor courts have historically tended to favor employees, which serves as an incentive for terminated employees to bring actions in the labor courts.

Risks associated with community relations could result in a loss of SVRE's social license to operate, protests, operational disruptions, and project delays that could materially adversely affect the combined company's business.

SVRE's operations at the Pela Ema mine depend on maintaining positive relationships with local communities in the municipality of Minaçu and surrounding areas. Risks associated with community relations include protests, unrest, strikes, loss of community support, legal action, operational disruption, project delays, and the need for damage compensation. There are also risks related to land use disputes, unplanned environmental impacts, and impairment or destruction of cultural heritage. The presence of a large number of employees in local areas, coupled with an influx of job seekers and expectations of economic and social benefits, could negatively affect the health, social peace, and cohesion of neighboring communities, potentially leading to social unrest and a loss of the social license to operate. Any significant deterioration in community relations could result in regulatory action, legal proceedings, and delays to ongoing and planned projects, any of which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Delays in flowsheet optimization, debottlenecking, and Phase II expansion could increase project costs and timelines, and materially adversely affect the combined company's business and results of operations.

SVRE is currently implementing a flowsheet optimization and capacity increase project at the Pela Ema facility, which is critical to achieving the production volumes and cost profile necessary for commercial operations. The technological complexity of the debottlenecking process, potential delays or errors in engineering, and unforeseen events such as inclement weather, labor disputes, or supply chain disruptions may lead to delays in construction and commissioning, impacting the project timeline, budget, and overall plant ramp-up. In addition, the potential for a Phase II expansion is subject to risks related to economics, geology, design, engineering, and the successful implementation of lessons learned from Phase I. Delays in Phase II development could result in increased project costs, prolonged development timelines, and potential operational inefficiencies. The failure to complete the debottlenecking and optimization project on time and on budget not proceeding with a Phase II expansion, or delays to Phase II planning and execution, could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Uncertainty regarding the terms and stability of SVRE's offtake arrangements could result in unstable revenue streams and materially adversely affect the combined company's financial condition.

SVRE's revenue is dependent on the terms and performance of its offtake arrangements, including the Offtake Agreement pursuant to which 100% of Phase I production of the four magnetic rare earth elements is allocated on a take-or-pay basis. The ability to convert other offtake arrangements into favorable long-term firm commitments, and the stability of such commitments over time, are subject to risks including shifts in demand, contract renegotiations, and changes in the commercial or regulatory landscape. Geopolitical pressures, as well as other trade limitations, may also impact SVRE's ability to negotiate favorable terms. Any delays or unfavorable conditions in the conversion of offtake agreements, or the failure of counterparties to perform under existing agreements, could result in unstable revenue streams and increased vulnerability to demand fluctuations, which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Fluctuations in rare earth market demand and prices, and limited demand for SVRE's products, could materially adversely affect the combined company's revenue and profitability.

The revenue and profitability of SVRE's operations are dependent upon the market prices of rare earth elements, which are subject to significant volatility. Factors such as increased supply, the development of rare earth substitutes, accelerated recycling, and tailings reprocessing advancements, could contribute to volatile and unpredictable prices, impacting revenues and profitability. While the Offtake Agreement includes guaranteed minimum floor prices for certain rare earth products, which are expected to mitigate certain price risks, there can be no assurance that these protections will be sufficient to offset sustained declines in market demand or prices for rare earth products generally. In addition, the limited availability of separation capacity outside of China, coupled with existing sales volumes and product specification constraints, may limit SVRE's ability to establish new commercial alliances, raise funding, and sell to alternative offtakers at market prices. These market and demand risks could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Product delivery disruptions due to logistics constraints, customs clearance issues, and sales readiness deficiencies could delay revenue generation and materially adversely affect the combined company's operations.

SVRE's ability to generate revenue depends on the timely delivery of its products to customers. Product delivery may be disrupted or delayed by road, storage, and port infrastructure constraints, customs clearance issues, port congestion, carrier and container availability, increasing insurance costs, lack of sales team competency, adverse weather events or geopolitical tensions affecting the logistics sector. In addition, the logistics supply chain may be affected by damage to infrastructure and reduced transported volumes. Any significant disruption to SVRE's sales readiness and product delivery capabilities could delay revenue generation and have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

SVRE may face significant risks in pursuing downstream integration opportunities, which could increase costs and divert resources without achieving the anticipated strategic benefits.

SVRE and the combined company may seek to extend operations beyond mining and mixed rare earth carbonate production into the midstream and downstream rare earth value chain, including separation, metallization, and permanent magnet production. Finding suitable and adequately priced downstream integration opportunities involves significant risks, including strategic misalignment with potential partners, unfavorable commercial terms, increased costs, and compliance challenges. Current operational performance, prevailing rare earth market prices, and cultural and technological differences between organizations may hinder integration efforts. Any failure to successfully identify, negotiate, and execute downstream integration opportunities could result in the diversion of management attention and resources without achieving the anticipated strategic or financial benefits, which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Differences between planned and actual recovery and yield rates could reduce SVRE's production volumes and revenues, and materially adversely affect the combined company's results of operations.

SVRE's production forecasts and financial projections are based in part on geological models, mineral resource and reserve estimates, and assumed recovery and yield rates. Actual recovery and yield rates may differ materially from planned levels due to inaccurate geological models, overestimated reserves, suboptimal extraction methods, equipment performance issues, or ineffective reagents. Imprecision in mineral resource and reserve estimates may lead to inaccuracies in project planning, potentially affecting the economic viability of mining operations. Any sustained shortfall in recovery or yield rates could result in lower production volumes, higher per-unit costs, and reduced revenues, which could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Higher than anticipated operating and maintenance costs, and risks related to SVRE's dry-stack tailings management, could reduce margins, increase capital requirements, and materially adversely affect the combined company's financial condition.

SVRE's operations may be subject to higher than anticipated operating and maintenance costs, including excessive consumption of reagents, electricity, or diesel, additional capital expenditure requirements, and increased costs associated with the handling and transport of radioactive materials. Any such cost increases could put significant pressure on margins and cash flows, particularly during the ramp-up to commercial-scale production. In addition, SVRE's use of a dry-stack tailings method, requires detailed design criteria and strict operational procedures, which, if not properly executed or maintained, could compromise the effectiveness of the waste management system and increase the likelihood of containment breaches or other failures. The materialization of any of these operational cost and tailings management risks could have a material adverse effect on the combined company's business, financial condition, results of operations and prospects.

Risks relating to USAR

Risks Related to Manufacturing and Production

The Stillwater Facility is under development and is not yet completed, we have not commenced commercial production and sales of neo magnets, and we have no history in commercial magnet-making operations and the lack of such commercial operations limits the accuracy of any forward-looking forecasts, prospects or business outlook or plans.

We have not commenced commercial production of neo magnets at our magnet manufacturing facility located in Stillwater, Oklahoma (the "Stillwater Facility"), and we may not be able to secure the necessary feedstock, offtake, or equipment in order to economically produce neo magnets, including from our operations and rights related to Round Top Mountain and the Round Top Mountain heavy rare earth metals deposit (the "Round Top Project", and together with the Stillwater Facility, our "Projects"). We have not realized any revenues to date from the sale of neo magnets, critical minerals or rare earth minerals, and our operating cash flow needs have been substantially financed through the incurrence of debt and equity raises and not through cash flows derived from our operations. As a result, we have little historical financial and operating information available to help you evaluate our performance. Any profitability in the future from our magnet business will be dependent upon economical development of the Stillwater Facility and production of neo magnets, which is subject to numerous risk factors. Accordingly, we may not realize profits, including in the medium to long term. Additional expenditures are required to construct, complete and install additional neo magnet production equipment and our neo magnet production capabilities might not be able to fully utilize the nameplate capacity of the equipment. In addition, we have no operating history upon which to base estimates of future operating costs and capital requirements in our magnet business. Actual operating costs and economic returns of any and all of our Projects may materially differ from the costs and returns estimated, and accordingly our financial condition, results of operations and cash flows may be negatively affected. In the near term, our development and growth depends on our ability to: (i) successfully produce magnets at the Stillwater Facility; (ii) secure one or more reliable sources of rare earth feedstock at prices that are acceptable and attractive to us; and (iii) secure one or more neo magnet customers that are willing and able to purchase our neo magnets at prices that are expected to be profitable for us. Delays in the completion of the Stillwater Facility or the Round Top Project could have a material adverse effect on our business, results of operations and financial condition.

The Round Top Project is at the exploration stage and we have not commenced construction or commission of the mine nor related facilities, and the development of the Round Top Project into a producing mine is subject to a variety of risks, any number of which may cause the development of the Round Top Project into a producing mine to not occur, be delayed, or not result in the commercial extraction of minerals.

We do not have declared mineral resources as defined under Item 1300 of Regulation S-K and have not yet begun to extract minerals at commercial scale from the Round Top Project. The Round Top Project might not be able to be commercially mined and our ongoing exploration programs may not result in the development of profitable commercial mining operations. Few properties or deposits that are explored are ultimately developed into producing mines. Major expenses will be required to complete the Round Top Project. We may not be able to develop the Round Top Project into an operating mine and doing so may not result in the commercial extraction of mineral deposits. There are many factors that may result in the Round Top Project not reaching completion or production, including failure to obtain adequate funding, failure to successfully complete a pre- or a definitive feasibility study that the project could profitably produce rare earth minerals, failure to meet lease related timelines, failure to satisfy other operational risks regarding obtaining adequate power, water, expertise and human resources, failure to obtain and sustain the necessary permits for operations and other aspects of the business of operating the Round Top Project. We may never reach commercial or profitable production of rare earth minerals. Even if the Round Top Project is mined, we may not realize profits from our exploration or development activities in the short, medium, or long term. The actual risks that we will face in the future in connection with the Round Top Project are unknown at this time, but may include:

- The preliminary and definitive feasibility studies, when delivered, may not support the economic viability of the Round Top Project moving forward, and the assumptions used in the studies to underpin the viability of the Round Top Project (including, but not limited to, the prices of critical minerals or rare earth minerals) may not remain accurate in the future.

- We are in the process of developing a flow sheet with respect to the processing of rare earth minerals from our assets in the Round Top Project, but we may not be able to do so. If we are unable to develop a flow sheet that results in profitable production, our business and results of operations may be harmed.
- An increase in the global supply of rare earth magnets or critical and rare earth minerals related products, dumping, predatory pricing and other tactics by our competitors or state actors may adversely affect our profitability.
- When compared to many industrial and commercial operations, mining exploration and development projects are high risk and subject to uncertainties. Each mineral resource is unique and the nature of the mineralization, and the occurrence and grade of the minerals, as well as behavior of the mineral resource during mining, are unpredictable. Any mineral resource estimates may be materially different from mineral quantities we may recover, any life-of-mine estimates may prove inaccurate and market price fluctuations and changes in operating and capital costs may render mineral resources uneconomic to mine. Uncertainty and/or error in our estimates of minerals in the Round Top Project could result in lower-than-expected revenues and higher-than-expected costs.
- The mining and production of rare earth and critical minerals and related products is a highly competitive industry in a high demand and growth environment and additional rare earth and critical mineral manufacturing, refining and mining competitors could result in a reduction in revenue.
- The imposition of tariffs related to rare earths and other critical minerals and a resulting trade dispute could disrupt the market for our products.
- The mining and production of rare earth and critical minerals and related products is a capital-intensive business that requires the commitment of substantial resources; if we do not have sufficient capital or resources to provide for such activities, it could negatively impact our business.
- The performance of the Round Top Project will depend on its ability to reach favorable production rates for the separation of rare earths.
- The revenue generated by the Round Top Project may be negatively impacted by possible competition from substitutions for critical and rare earth minerals.
- Our continued growth depends on our ability to obtain commercial deployment of our mineral processing and purification technology, or the identification of third-party technologies or processes, and the ability of any such technology and/or processes to efficiently process and purify one or more feedstocks of mixed rare earth mineral concentrates.
- Actual capital costs, operating costs, production and economic returns may differ significantly from those we have anticipated, and future development activities may not result in profitable mining, processing or production operations.
- The Round Top Project has no operating history on which to base estimates of future operating costs and capital requirements. Before operations commence, any projections we may produce are based upon estimates and assumptions made at the time they were prepared. If these estimates or assumptions prove to be incorrect or inaccurate, our actual operating results may differ materially from any forecasted results.
- Our resource estimates, if any, may change significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, our estimates, if any, are likely to change and these changes may result in a reduction in our resources. These changes may also result in alterations to our development and mining plans, which may, in turn, adversely affect our operations.

- We face opposition from organizations that oppose mining which may disrupt or delay our Round Top Project.
- We will be required to obtain and sustain governmental permits and approvals to develop and operate the Round Top Project, a process which is often costly, time-consuming and somewhat uncertain as to outcome. These permits may include permits related to disposal of radioactive mineral waste, which will depend on how we conduct our processing operations in the future as well as what thresholds (regarding whether a permit is required or not) are set by the government at that point in time. Failure to obtain or retain any necessary permits or approvals for our planned operations may negatively impact our business.
- Our mining rights are held by one of our subsidiaries, which as of December 31, 2025, is owned approximately 81.3% by us and approximately 18.7% by a minority member of the applicable subsidiary. If the minority member does not meet its capital contribution requirements, then we would need to raise additional funds to cover the minority member's shortfall in connection with the Round Top Project in exchange for additional equity in the subsidiary. Additionally, if the value of the equity of the minority member increases then the rate of dilution of the minority member's equity in the subsidiary will decrease. Further, our interests may not align at all times with such minority member and divergence of interests may negatively impact our business.
- A third-party has obtained prospecting permits from the Texas General Land Office ("GLO") for land in close proximity to our Round Top Project, including land for which we have an active surface lease. There is a possibility for the third-party to convert such prospecting permits into mineral leases and, if converted, such mineral leases would potentially impact our ability to conduct our operations as currently planned.
- Land reclamation and mine closure may be burdensome and costly.
- Because of the dangers involved in the mining of minerals, there is a risk that we may incur liability or damages as we conduct our business.
- We and our management do not have experience operating a mine and may not have a complete or accurate understanding of the risks we may face in the future related to the Round Top Project.

We may experience time delays, unforeseen expenses, increased capital costs, and other complications in operating our business that could delay the start of revenue-generating activities and increased revenues, and increase our development costs.

The production of neo magnets and strip-cast and alloy manufacturing and mineral exploration and mining by their nature involve significant risks and hazards, including environmental hazards, as well as industrial and mining accidents. These include, for example, occupational hazards, leaks, ruptures, explosions, chemical spills, seismic or other natural events, fires, flooding, discharges of gasses and toxic substances, contamination of water, air or soil resources, unusual and unexpected rock formation affecting mineralization or wall rock characteristics, ground or slope failures, rock bursts, wildfires, radioactivity and other accidents, incidents, or conditions resulting from mining or manufacturing activities, including, among others, blasting and the transport, storage and handling of hazardous materials. In particular, the production of strip-cast and alloys and neo magnets involves the use of heavy equipment and operations at high temperatures. These operations can be dangerous and safety incidents in these operations may cause damage to and loss of equipment, injury or death, monetary losses and potential legal liabilities. Any such incidents could have a material adverse effect on our business, operating results and financial condition. Furthermore, there is the risk that relevant regulators may impose fines and work stoppages for non-compliant production or mining operating procedures and activities, which could reduce or halt production or mining until lifted. The occurrence of any of these events could delay or halt production, increase production costs and result in financial and regulatory liability for us, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the relevant environmental authorities have issued and may issue administrative directives and compliance notices in the future, to enforce the provisions of the relevant statutes to take specific anti-pollution measures, continue with those measures and/or to complete those measures. The authorities may also order the suspension of part, or all of, our operations if there is non-compliance with legislation. Contravention of some of these statutes may also constitute a criminal offense and an offender may be liable for a fine or imprisonment, or both, in addition to administrative penalties. As a result, the occurrence of any of these events may have a material adverse effect on our business, results of operations and financial condition.

Our research and development programs may not succeed in achieving their technological objectives, which could impair our ability to establish commercially viable extraction, separation, and magnet manufacturing operations.

Our business model and long-term commercial success depend heavily on the successful outcome of our research and development activities across three distinct programs: (i) our Colorado Facility, focused on developing proprietary extraction and separation technologies (the “Colorado Facility”); (ii) our in-house Innovations Lab and R&D Program at the Stillwater Facility, focused on developing the intellectual property, technologies, and processes for manufacturing of sintered neodymium-iron-boron (“NdFeB”) permanent magnets; and (iii) our research and development enhancements to our metal-making operations at Less Common Metals Ltd. (“Less Common Metals”). There is no assurance that any of these programs will yield commercially viable, scalable results. The Colorado Facility is a development and demonstration facility, not a commercial production facility, and the technologies developed there may prove insufficient or prohibitively costly to scale. Similarly, our Innovations Lab may fail to develop magnet formulations and processes that are competitive in performance and cost, or that satisfy the exacting qualification requirements of defense and commercial customers. Finally, our research and development enhancements at Less Common Metals may not result in commercially scalable processes and products. If our research and development programs fail to achieve their objectives, or if successful results cannot be translated into scalable commercial processes in a timely manner, our business, results of operations, and financial condition could be materially and adversely affected.

Until our Round Top Project is capable of satisfying our feedstock needs, if ever, our business is subject to the availability of rare earth oxide and metal feedstock, in quantities and prices that allow us to develop and commercially operate our Stillwater Facility and provide cost-effective feedstock to Less Common Metals.

Our Round Top Project is in its exploration stage and is not currently able to satisfy the feedstock needs necessary for the development and commercial operation of our Stillwater Facility and may never be able to do so. Unless and until our Round Top Project is capable of satisfying our feedstock needs, we will be required to enter into feedstock supply agreements with third-parties. We are in the process of pursuing feedstock supply and offtake arrangements with potential counterparties in an effort to provide adequate sources of feedstock for the purchase of all or substantially all of our production from our Stillwater Facility, once operational, on terms favorable to us. If we are unable to secure supply agreements that ensure that all of our feedstock needs are met, we may not achieve our goals. If this happens, our results of operations and financial condition could be materially and adversely affected.

The production of neo magnets and manufacturing of strip-cast and alloy are capital-intensive and require the commitment of substantial resources; if we do not have sufficient capital or other resources necessary to provide for such production and manufacturing, it could negatively impact our business.

Neo magnet production, and strip-cast and alloy manufacturing, requires large amounts of capital. We expect to materially increase our capital expenditures and working capital requirements to begin commercial production of neo magnets, as well as support the growth of our business and operations. To support this growth, we will need to raise additional capital (debt or equity) from time-to-time to complete or fund our long-term strategic goals. Our long-term strategic goals are based on, among other things, expectations as to capital expenditures, and if we are unable to fund those long-term capital expenditures or the level of necessary capital expenditures increases above our current expectations, we will not achieve the long-term targets set forth in our strategic goals or be able to develop currently contemplated or future capital projects or be able to continue production at cost-effective levels. Furthermore, any such reduction in long-term capital expenditures may cause us to forego some of the benefits of any future increases in commodity prices, as it is generally costly or impossible to resume production immediately or complete a deferred expansionary capital expenditure project once delayed, which may adversely affect our results of operations or financial condition.

We will need to manufacture our products to exacting specifications in order to provide customers with a consistently high-quality product. An inability to meet customer specifications would negatively impact our business.

We need to manufacture our products to meet customer needs and specifications. An inability to perfect the relevant production process to the level necessary in order to meet customer specifications may have a material adverse effect on our financial condition or results of operations. In addition, customer needs and specifications may change over time. Any delay or failure in developing processes to meet changing customer needs and specifications may have a material adverse effect on our financial condition or results of operations.

We may be adversely affected by fluctuations in demand for, and prices of, our products.

Because our revenue is, and will for the foreseeable future be, derived from the production and sale of our products, changes in demand for, and the market price of, and taxes and other tariffs and fees imposed upon such products and their inputs could significantly affect our profitability. Our financial results may be significantly adversely affected by declines in the prices of our products. Prices for our products may fluctuate and are affected by numerous factors beyond our control such as interest rates, exchange rates, taxes, tariffs, inflation or deflation, currency fluctuations, shipping and other transportation and logistics costs, global and regional supply and demand, potential industry trends, such as competitor consolidation or other integration methodologies, and the political and economic conditions of countries that produce and procure our products. Furthermore, supply side factors have a significant influence on price volatility for critical and rare earth minerals, necessary feedstock, and prices. Supply of rare earth minerals, necessary feedstock, and neo magnets is currently dominated by Chinese producers. The Chinese Central Government regulates production via quotas and environmental standards and has changed, and may continue to change, such production quotas and environmental standards. Periods of over supply or speculative trading of critical and rare earth minerals can lead to significant fluctuations in the market price.

In contrast, extended periods of high commodity prices may create economic dislocations that may be destabilizing to critical and rare earth minerals supply and demand and ultimately to the broader markets. Some periods of high critical and rare earth mineral market prices generally are beneficial to our financial performance if we are producing rare earth minerals. If magnet prices rise in concert with such higher mineral prices, strong critical and rare earth mineral prices will also create economic pressure to identify or create alternate technologies that ultimately could depress future long-term demand for our products or increase our third-party feedstock costs, and at the same time may incentivize development of competing mining and manufacturing operations.

Additionally, because we are currently dependent on third parties for feedstock, changes in the demand for, the market price of, or taxes, tariffs, or other fees imposed on such feedstock may affect our ability to acquire our supply needs at an economical price. Changes in the price of feedstock could materially and adversely affect our operations and ultimate financial results.

Risks Related to Business Operations

Since our inception, we have generated negative operating cash flows and we may experience negative cash flow from operations in the future. We may not be successful in achieving profitability.

We are an early-stage company with a limited operating history. Since our inception, we have generated negative operating cash flows and we may experience negative cash flow from operations in the future. We incurred a net loss of \$298.5 million for the year ended December 31, 2025 and had an accumulated deficit of \$387.4 million as of December 31, 2025. Our 2025 revenues were derived solely from our Less Common Metals business for a portion of the year following the Less Common Metals acquisition (“LCM Acquisition”), and we have not yet generated revenues from our Stillwater Facility or mineral production from the Round Top Project. We expect to sustain substantial operating expenses without generating sufficient revenues to cover those expenditures for the foreseeable future. Our future operations and strategic plans may be dependent upon the identification and successful completion of equity or debt financings. We may not be successful in completing equity or debt financings or in achieving profitability.

We may not be able to convert current commercial discussions and/or memorandums of understanding with customers for the sale of our neo magnets and other products into definitive contracts, which may have a negative effect on our business.

We do not currently have any contractually committed customers for the planned output and delivery of neo magnets. We have commissioned and are producing under Phase 1a and are in the process of commissioning Phase 1b at our Stillwater Facility. The success of our business depends on our ability to generate revenue and operate profitably, which depends in part on our ability to identify target customers and convert such contacts into meaningful orders or expand on current customer relationships. We do not currently have any revenue or definitive off-take or sales agreements with customers in place in our magnet business. Although we are in periodic discussions with potential customers regarding potential offtake agreements, there is no assurance that the parties will be able to reach an agreement or that we will be able to produce and deliver the required neo magnets in accordance with the customer's required specifications and timing requirements. If we are unable to negotiate, finalize and maintain such agreements and satisfy the conditions thereto in order to enter into definitive agreements, or are only able to do so on terms that are unfavorable to us, we will not be able to generate any revenue, which would have a material adverse effect on our business, prospects, operating results and financial condition.

We anticipate that our products will be delivered to certain customers on an early trial deployment basis for customer evaluation. If our targeted customers do not commit to making meaningful orders, it could adversely affect our business, prospects and results of operations. Our customers may require protections in the form of price reductions and other remedies for late delivery or performance problems. Delays in delivery of our products, unexpected performance problems or other events could cause us to fail to meet these contractual commitments, resulting in delays in obtaining necessary materials used in our production process, defects in material or workmanship or unexpected problems in our manufacturing process, which could lead to unanticipated revenue and earnings losses and financial penalties. The occurrence of any of these events could harm our business, prospects, results of operations and financial results.

Prior to reaching expected production rates at the Stillwater Facility, we intend to enter into short-and long-term sales contracts with new customers. However, there can be no assurance that these customers will enter into sales contracts for our products. Even if we do enter into offtake and/or sales agreements, we may fail to deliver the product required by such agreements or may experience production costs in excess of the fixed price to be paid to us under such agreements. The failure to enter into such contracts may have a material adverse effect on our financial position and results of operations.

The amount of capital required for completion and build-out of our Projects may increase materially from our current estimates, and we expect to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Consequently, we depend on our ability to successfully access the capital and financial markets. Any inability to access the capital or financial markets may limit our ability to fund our ongoing operations, execute our business plan or pursue investments that we may rely on for future growth.

Until we generate significant revenue from our operations, we will continue to incur operating and investing net cash outflows associated with, but not limited to, the build out and growth of our Stillwater Facility and expansion generally of our footprint, maintaining and acquiring properties, undertaking ongoing activities and the funding obligations to develop the assets of our Projects. We will require additional capital to fund our ongoing operations, complete our Stillwater Facility, and - in connection with our Round Top Project - explore and define rare earth mineralization and establish any future mining or rare earth manufacturing operations. Such additional funding may not be available to us on satisfactory terms, or at all.

In order to finance our future ongoing operations and future capital needs, we will require additional funds through the issuance of additional equity or debt securities. Depending on the type and terms of any financing we pursue, shareholders' rights and the value of their investment in our ordinary shares could be reduced. Any additional equity financing will dilute shareholdings. If the issuance of new securities results in diminished rights to holders of our ordinary shares, the market price of our ordinary shares could be negatively impacted. New or additional debt financing, if available, may involve restrictions on financing and operating activities. In addition, if we issue secured debt, the holders of the debt would have a claim to our assets that would be prior to the rights of shareholders until the debt is paid. Interest on such debt would increase costs and negatively impact operating results.

If we are unable to obtain additional financing, as needed, at competitive rates, our ability to fund our current operations and implement our business plan and strategy will be affected, and we would be required to reduce the scope of our operations and scale back our exploration, development and mining programs. There is, however, no guarantee that we will be able to secure any additional funding or be able to secure funding which will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position. Certain market disruptions may increase our cost of borrowing or affect our ability to access one or more financial markets. Such market disruptions could result from:

- adverse economic conditions, including inflationary factors and recessionary fears;
- adverse general capital market conditions, including rising interest rates;
- poor performance and health of the neo magnets industry in general;
- bankruptcy or financial distress of neo magnet companies or marketers;
- significant decrease in the demand for neo magnets; or
- adverse regulatory actions that affect our exploration and construction plans or the use of our current and planned products generally.

If additional capital is not available in sufficient amounts or on a timely basis, we will experience liquidity problems, and we could face the need to significantly curtail current operations, change our planned business strategies and pursue other remedial measures. Any curtailment of business operations would have a material negative effect on operating results, the value of our outstanding common and preferred shares.

A power or other utility disruption or shortage at our Projects could temporarily delay operations and increase costs, which may negatively impact our business.

Our facilities currently rely on electricity and other utilities each provided by a single utility company in West Texas and North-Central Oklahoma, respectively. Instability in electrical or other utility supply for those utility companies or in other utilities relied upon by Less Common Metals could cause sporadic outages and brownouts. Any such outages or brownouts could have a negative impact on our production. As a result, our revenue could be adversely impacted and our relationships with our customers could suffer, adversely impacting our ability to generate future revenue and otherwise perform our contractual obligations. In addition, if power to any of our Projects is disrupted during certain phases of our production processes, we may incur significant expenses that may adversely affect our business.

Risks Related to Acquisitions and Strategic Transactions

We are or may be subject to risks associated with acquisitions and strategic transactions.

As part of our ongoing business strategy, we regularly evaluate potential acquisition opportunities in the ordinary course of business as well as other types of strategic transactions. We may, from time to time, engage in discussions and negotiations with potential acquisition targets, partners or others, and we may enter into letters of intent, term sheets, or other non-binding or binding preliminary agreements with respect to potential acquisitions or other strategic transactions. These discussions and negotiations could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by a third party and increased expenses.

Any particular acquisition or other strategic opportunity we pursue may be material to our business, financial condition, results of operations, and cash flows. Acquisitions, if consummated, may be structured in a variety of ways and may be funded through cash on hand, borrowings, the issuance of equity or equity-linked securities (including shares of our Common Stock), or a combination thereof. The consideration paid in any acquisition may include cash, stock, assumption of liabilities, earnout arrangements, or other forms of consideration, or any combination of the foregoing.

In addition, we may acquire additional assets, products, technologies or businesses, which may require shareholder approval and approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs. Failure to obtain necessary approval may derail our business strategy. For example, our recent LCM Acquisition required approval from the U.K. Secretary of State under the National Security and Investment Act 2021 and the SVRE Merger is subject to approval under the Hart-Scott-Rodino Antitrust Improvement Act of 1976.

We cannot provide any assurance that any discussions, negotiations, or letters of intent will result in a definitive agreement or that any proposed transaction will be consummated on the terms contemplated, or at all. Further, future acquisitions and the subsequent integration of new assets and businesses into us may require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the expected financial results and may require additional investments in the acquired business after closing. Acquisitions could result in the use of substantial amounts of cash, the incurrence of substantial indebtedness, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

Risks Related to the Expected U.S. Government Transaction

The Expected U.S. Government Transaction is expected to be funded in phases over time and is subject to our achieving milestones, and there can be no assurance that such milestones will be achieved on the expected timeline or at all.

On January 26, 2026, we announced that we had entered into a non-binding letter of intent (the “Letter of Intent”) with the U.S. Department of Commerce covering total potential funding of approximately \$1.6 billion, including \$277.0 million in direct funding awards under the CHIPS Act, and \$1.3 billion in senior secured debt with a 15-year term with an expected rate of Treasury plus 150 basis points (“bps”) (collectively, the “Expected U.S. Government Transaction”). The Letter of Intent for the Expected U.S. Government Transaction provides, and the definitive agreements for such collaboration will provide for the grant and debt financing from the government to reimburse us for capital expenditures incurred to be released to us in phases over time subject to our achievement of specified business milestones related to the development of the Round Top Project, the development and expansion of processing and separation facilities, the development and expansion of metal making and strip casting facilities, and the development and expansion of our magnet manufacturing capacity.

To meet the milestones to obtain funding awards and debt financing under the Expected U.S. Government Transaction, and to execute on our current business plan, including the acquisition of SVRE and the expansion of facilities for our operations, we will be required to raise a significant amount of capital during 2026 and 2027 and establish a \$250.0 million revolving credit facility by December 31, 2026. There can be no assurance that such milestones will be achieved on the expected timeline, or at all. If we are unable to meet such milestones, the corresponding funding will not be released to us. Our satisfaction of any given milestone, and receipt of the associated funding, does not guarantee that we will be able to meet any subsequent milestones. Further, our satisfaction of one or more milestones for one project, does not guarantee that we will be able to meet any milestones for the other projects. Construction, development, and expansion of our planned facilities and projects are subject to risks of delays, cost overruns, supply chain disruptions, labor availability constraints, permitting challenges, and other execution risks, which could increase required capital, delay milestone achievement, and adversely affect our financial condition and project economics.

If we do not receive the financing contemplated by the Expected U.S. Government Transaction, or any part of it, due to delays in meeting or failure to meet one or more milestones, our ability to fund our current operations and implement our business plan and strategy will be affected, and we may be required to reduce the scope of our operations and scale back our exploration, development and mining programs unless we are able to obtain alternative financing. Any curtailment of business operations would have a material negative effect on operating results and the value of our outstanding securities.

In addition, if we are unable to meet certain final milestones within two years of the target completion dates, any funding released to us prior to that date will be subject to clawback, which would adversely affect our liquidity, capital resources, and project economics.

While we may execute Definitive Agreements with the government and receive funding thereafter, there can be no assurances that the authorization and continued support for the transactions contemplated by the Definitive Agreements will not be modified, challenged or impaired in the future, which would have a material adverse effect on our business, prospects, financial condition and results of operation.

Given the heightened sensitivity and complexity of contracting with a government entity, particularly in a high profile industry implicating national security, there can be no assurances that terms of the Expected U.S. Government Transaction, including definitive documentation (the “Definitive Agreements”) once executed, will not be modified, challenged or impaired in the future, which could have a material adverse effect on our business, prospects, financial condition and results of operations. We believe there are multiple factors that may contribute to this uncertainty, including, but not limited to, the interpretation of current and future, and enactment of future, federal and international laws, regulations, administrative actions and rulings, and interpretations and changes to interpretations thereof, whether by a court or within the legislative or executive branches of the federal government; our ability to comply with any conditions or other requirements imposed by such laws, regulations, actions and rulings, and changes thereto; a determination by the legislative, judicial, or executive branches of the federal government that any aspect of Expected U.S. Government Transaction, or the related Definitive Agreements, was unauthorized, void, or voidable; future changes in federal administration and related executive and legislative priorities; the continued availability of Congressional appropriations and Department of Commerce funding; geopolitical developments; and the legal and strategic challenges associated with enforcing the obligations of and seeking performance from a government counterparty, especially in conjunction with the unique defenses and remedies available to the federal government. Furthermore, while the Department of Commerce is expected to be contractually bound under the Definitive Agreements, if reached, for the Expected U.S. Government Transaction, no other agency, office or branch of the federal government has made any assurances or will have any obligations under the such Definitive Agreements to actively support, accede to or refrain from challenging, investigating or otherwise impeding the commitments and obligations of the parties to the Definitive Agreements, whether now or in the future. The Expected U.S. Government Transaction may also be challenged by other third parties and are subject to the risk of litigation, both the cost and result of which could materially adversely affect our business, prospects, financial condition and results of operations.

Future funding will be required to meet milestones. Our ability to raise additional equity or debt financing may be adversely affected by market conditions, interest rates, investor risk appetite, or macroeconomic factors beyond our control.

Our business plan requires significant additional capital, which may include equity and/or debt financing, beyond the Expected U.S. Government Transaction, and our ability to obtain such capital will depend on market conditions and our operating performance, and may result in higher costs of capital, increased leverage, or dilution to existing stockholders. To meet the milestones to obtain funding awards and debt financing to reimburse us for our capital expenditures incurred under the Expected U.S. Government Transaction, and to execute on our current business plan, including the acquisition of SVRE and the expansion of facilities for our operations, we will be required to raise a significant amount of capital during 2026 and 2027 and establish a \$250.0 million revolving credit facility by December 31, 2026. Depending on the type and terms of any financing we pursue, stockholders’ rights and the value of their investment in our Common Stock could be reduced. Any additional equity financing will dilute shareholdings. If the issuance of new securities results in diminished rights to holders of Common Stock, the market price of our Common Stock could be negatively impacted. New or additional debt financing, if available, may involve restrictions on financing and operating activities. Interest on such debt would increase costs and negatively impact operating results. In addition, as the debt financing component of the Expected U.S. Government Transaction will be secured, issue secured debt, the government will have a claim to our assets that would be prior to the rights of shareholders until the debt is paid. This may make it more difficult for us to raise additional debt financing on attractive terms, or at all.

If we are unable to obtain additional financing, as needed, at competitive rates, our ability to fund our current operations and implement our business plan and strategy will be affected, and we would be required to reduce the scope of our operations and scale back our exploration, development and mining programs. There is, however, no guarantee that we will be able to secure any additional funding or be able to secure funding which will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position. Certain market disruptions may increase our cost of borrowing or affect our ability to access one or more financial markets. Such market disruptions could result from:

- adverse economic conditions, including inflationary factors and recessionary fears;
- adverse general capital market conditions, including rising interest rates;
- poor performance and health of the metals and neo magnets industry in general;
- bankruptcy or financial distress of metals or neo magnet companies or marketers;
- significant decrease in the demand for metals or neo magnets; or
- adverse regulatory actions that affect our exploration and construction plans or the use of our current and planned products generally.

Risks Related to our Securities

The issuance of additional shares of our Common Stock or equity-linked securities could result in significant dilution to our existing stockholders and adversely affect the market price of our Common Stock.

We have issued, and expect to continue to issue, shares of our Common Stock and equity-linked securities in connection with various transactions and financing activities. Any such issuances could result in significant dilution to the ownership interests, voting power, and earnings per share of our existing stockholders and have other significant consequences. In connection with the Expected U.S. Government Transaction, we expect to issue approximately 16.1 million shares of our Common Stock and warrants to purchase approximately 17.5 million additional shares. Further, we expect to require substantial additional capital to fund our operations and project development, and we may seek to raise such capital through the issuance of additional shares of Common Stock, preferred stock, warrants, convertible notes, or other equity or equity-linked securities.

If the TMRC Transaction is completed, we expect to issue approximately 3.82 million shares of our Common Stock as merger consideration. In connection with the SVRE Merger, we expect to issue 126,849,307 shares of Common Stock to SVRE securityholders. More broadly, we regularly evaluate potential acquisitions and other strategic transactions that may be funded, in whole or in part, through the issuance of shares of our Common Stock or other equity-linked securities.

In addition, certain of our outstanding securities, including our Series A Cumulative Convertible Preferred Stock and Preferred Investor Warrants, contain “full ratchet” anti-dilution provisions, which may result in a greater number of shares of our Common Stock being issued. The Certificate of Designation for our Series A Cumulative Convertible Preferred Stock and the Preferred Investor Warrants each contain “full ratchet” anti-dilution provisions applicable to the conversion price and exercise price, respectively, which may result in a greater number of shares of Common Stock being issued upon conversions or exercises in the case of the Series A Cumulative Convertible Preferred Stock and the Preferred Investor Warrants than if the conversions or exercises were effected at the conversion price or exercise price in effect currently.” The effect of any of the above described issuances or other transactions we may undertake could result in significant dilution to the ownership interests, voting power, and earnings per share of our existing stockholders as well as impair our ability to raise capital on favorable terms and adversely affect the market price of our Common Stock.

INFORMATION ABOUT SVRE

Unless the context otherwise requires, for purposes of this section, the terms “we,” “us,” “our” or “the Company” refer to SVRE Holdings Ltd. and its subsidiaries, collectively, as they currently exist.

The Business

We operate one of the largest known ionic clay rare earth deposits outside of Asia. Rare earth elements (“REEs”) and the corresponding rare earth oxides (“REOs”) are fundamental inputs to a broad range of advanced technologies across sectors including defense, aerospace, energy, transport and robotics. From the Pela Ema deposit, we produce all four critical magnetic REEs: dysprosium (“Dy”), terbium (“Tb”), neodymium (“Nd”) and praseodymium (“Pr”).

Nd and Pr are crucial inputs for neodymium-iron-boron (“NdFeB”) permanent magnets. NdFeB magnets are the most widely used type of rare earth magnets and are critical for many advanced technologies, including electric vehicle (“EV”) motors, drones, defense systems, medical equipment, wind generators and robotics. Dy and Tb are critical additives that allow magnets to maintain high magnetic strength and resist demagnetization in high-temperature, high-performance applications such as EV motors and wind generators.

The Company’s ionic clay deposit offers advantages compared to hard-rock deposits, including: (i) reliance on shallow open pit mining, (ii) soft ore that allows free digging without crushing or milling, (iii) a relatively high share of heavy REEs, (iv) low *in-situ* radioactivity, (v) low energy consumption and related carbon emissions, and (vi) ore processed with mild reagents such as sodium chloride (i.e., table salt) or ammonium sulfate, a common fertilizer.

We expect global demand for REOs to grow significantly over the next 25 years, driven primarily by demand for permanent magnets associated with, among other things, the transition to EVs and renewable energy. In 2025, China continued to be the largest contributor to the global REO market. Companies and governments are increasingly prioritizing diversification and security of their supply chains for critical materials, with related national security implications illustrated by U.S. Government efforts to onshore production in industries deemed critical, including those that require rare earth minerals. Public and private interests are also increasingly demanding sustainability throughout production value chains.

Our mission is to enable and accelerate the development of new technologies dependent on REEs. Our vision is to become a leading, responsible provider of REEs and associated products, and to play an active role in the development of supply ecosystems for critical end-use markets, including energy, transport, medical, specialty alloys and defense, while delivering value to our shareholders, employees, communities and other stakeholders.

We process our ore at Pela Ema to produce a mixed rare earth carbonate (“MREC”), which is simpler and lower-cost to separate than the mineral concentrate typically produced at hard-rock deposits. Sales of MREC commenced in 2024 with multiple customers, who separate the constituent REOs and sell them to various end users. During 2025, the Company limited sales to facilitate an optimization and growth project described below.

On April 20, 2026, SV Management Switzerland AG (the “Seller”), a wholly owned subsidiary of the Company, entered into a long-term offtake agreement (the “Offtake Agreement”) with US SIIE, LLC (the “Buyer”), a special purpose vehicle capitalized by the U.S. government and private capital sources. The Offtake Agreement provides for the sale and purchase of 100% of Phase I production from the Pela Ema facility of Nd, Pr, Dy and Tb (collectively, the “Products”) on a take-or-pay basis. The term of the Offtake Agreement continues until the earlier of: (i) the date the Seller has delivered Products derived from 198 million metric tons of run of mine ore; and (ii) 20 years after the Pela Ema facility commences commercial operations. The Offtake Agreement includes guaranteed minimum floor prices for each of Nd, Pr, Dy and Tb, as well as mechanisms for shared upside. The Buyer intends to resell the Products to entities that will separate and process the Products for sale to companies serving end markets and applications.

The Company retains the option to develop separation facilities and to deliver Product to Buyer as higher-value products such as separated oxides. The Company also has the ability to monetize elements that do not currently form part of the Products, including Yttrium.

History of Ownership and Current Operations

Serra Verde Pesquisa e Mineração Ltda. (“SVPM”), the operating subsidiary of the Serra Verde Group, was acquired by Denham Capital in 2011. Over the following nine years, SVPM completed exploration and studies at Pela Ema. Construction of integrated processing facilities commenced in 2020. In 2022, Vision Blue Resources Limited and The Energy & Minerals Group made their initial investments in the Company, contributing mining industry experience and management expertise to advance the development of Pela Ema. Commissioning, first production and sales of MREC occurred during 2024. Since SVPM’s acquisition by Denham Capital in 2011, more than \$1 billion of capital has been invested in Pela Ema.

All permits necessary to operate the Pela Ema facility at current Phase I capacity are in place, a process that can take an average of 20 years for a mine in Brazil. Expansion to Phase II will require additional licenses and approvals as described under “Environmental, Health and Safety Matters” below.

An optimization and growth project launched in 2024, which is on-going, aims to increase efficiency and production capacity, with corresponding reductions in aggregate and per unit costs. A product optimization project, also underway, will evaluate additional processing to reduce impurities and the already low, naturally occurring radionuclides in the MREC. Following completion of these projects and ramp-up later in 2026, production of total rare earth oxides equivalent from Phase I is expected to average approximately 6,400 metric tons per year over the life of the mine. The Company plans to evaluate additional opportunities to increase Phase I production and reduce costs through, among other options, larger mining vehicles, long-distance conveyor belts and optimizing use of reagents.

Production Expansion Opportunity

The Company’s current mine plan for Pela Ema relies on less than half of the total estimated mineral resource. This represents a potential opportunity to double production from the same mineral deposit while preserving a similar mine life. In connection with this opportunity, the Company is investigating the use of direct ionic exchange as part of processing. Direct ionic exchange, which is not *in-situ* leaching, has the potential to significantly reduce capital and operating costs associated with the incremental facilities necessary to support a doubling of production capacity. If pursued and successfully implemented, these plans could be operational as early as 2030.

Downstream Expansion Opportunity

The Company is evaluating opportunities to extend its business beyond mining and MREC production into the midstream and downstream rare earth value chain. The strategic rationale is supported by both market and geopolitical developments. Vertical integration could allow the Company to capture additional margin along the value chain, reduce geopolitical risk, and serve a growing pool of customers seeking diversified, traceable, and responsibly produced rare earth products. Although Phase I production from Pela Ema is fully allocated to the Offtake Agreement, the agreement provides the Company with the option to deliver more advanced rare earth products such as separated rare earth oxides, which the Company expects to investigate in close alignment with the Buyer. A potential Phase II expansion could double production by 2030, providing additional feedstock to support downstream investments.

The Company has the option to develop or acquire its own separation facility. From there, the value chain extends into metals, alloys, and permanent magnet production, which the Company may pursue through joint ventures, partnerships, standalone structures, or strategic transactions. The Company may also consider consolidation opportunities with other producers of heavy REE deposits given the Company’s know-how in heavy REE and ionic clay deposits.

Pela Ema has been recognized as a project of interest by the Minerals Security Partnership. On January 21, 2026, the Company secured a \$565 million financing package from the U.S. International Development Finance Corporation. In addition, the Company has secured the Offtake Agreement, which includes guaranteed minimum floor prices for each of Nd, Pr, Dy and Tb, which the Company believes helps de-risk cash flows.

Our Strengths

Significant Resource Base: The Pela Ema deposit is one of the most significant ionic clay rare earth deposits outside of Asia. Based on the current Phase I mine plan, the resource supports a projected mine life of more than 20 years. The resource contains a relatively high share of the heavy REOs essential to permanent magnet production.

Strategic Location: The Pela Ema facility is located in the State of Goiás, Brazil, an established mining jurisdiction with developed infrastructure. The facility has direct highway access to the Santos and Salvador ports, among others, as well as proximity to clean water sources and two major hydroelectric power plants, which support reliable, low-carbon operations.

Cost-Effective Operating Approach: Because ionic clay ore does not require blasting, crushing or milling, the Company benefits from a relatively simple, scalable operating model. A potential Phase II expansion could double production by 2030 and may further enhance scale and unit cost performance.

Sustainability Profile: The Company's operations feature a relatively low carbon footprint, recirculation of approximately 90% of process water (recovered from the thickener and press filters), tailings management compliant with the Global Industry Standard on Tailings Management ("GISTM"), and low *in-situ* radioactivity. The Company has invested more than \$1 million in social programs and reports more than 13 million person hours and 1,000 consecutive days without a lost time injury as of the date of this document.

Strategic Market Position: Pela Ema is the most significant ionic clay rare earth asset outside of Asia. The facility is fully permitted for Phase I, constructed and currently ramping up. We expect Pela Ema to contribute a significant share of heavy REE production outside of Asia. The project has been recognized as a project of interest by the Minerals Security Partnership. On January 21, 2026, the Company secured a \$565 million financing package from the U.S. International Development Finance Corporation to reimburse the Company for capital expenditures incurred. In addition, the Company has secured the Offtake Agreement, which includes guaranteed minimum floor prices for each of Nd, Pr, Dy and Tb, which the Company believes helps de-risk its cash flows.

The Pela Ema Facility

At Pela Ema, we operate an open-pit mine containing one of the world's most significant ionic clay rare earth deposits outside of Asia. In addition to the mine, the Pela Ema facility includes associated infrastructure supporting mining and processing operations, including stockpiles, ion exchange, filters, and thickener facilities, a tailings filter plant, dry-stack tailings, as well as laboratories to support research and development activities, administrative buildings, warehouses and support buildings.

Processing at Pela Ema includes five primary process steps: screening, ion exchange, press filters and precipitation, thickening, and concentrate press filters. Our use of a dry-stack tailings process allows recycling of the process water recovered from the thickener and press filter steps, and eliminates the need for high-risk wet tailings ponds and traditional impoundment dams. Approximately 90% of our process water is recirculated.



Tailings consist of the oversize ore separated at the screening plants, as well as the filter cake generated at the central processing plant. Such material is deposited at the dry-stack facility, which is GISTM compliant. Subject to receipt of the necessary permits, we expect to backfill approximately 50% of the oversize ore into mined-out pits. Backfilling is expected to reduce tailings handling costs and provide environmental rehabilitation benefits. Oversize material contains a relatively low share of ionic absorption clay but contains primary REE minerals, allowing for potential future production of concentrate (e.g., monazite or xenotime) or REE concentrate in a similar way to hard-rock deposits. Studies are proposed to consider the opportunity for additional production from the processing of this material.

The Pela Ema facility is located approximately 30 kilometers west-northwest of the city of Minaçu, in the State of Goiás, central Brazil. Highways BR-050 and BR-153 provide access to the Santos and other ports. Product is typically transported from the Pela Ema facility by truck to the Port of Santos, the largest port in Brazil and the Company's primary delivery point.

The Company has access to clean water sources and two major hydroelectric power plants, supporting reliable, low-carbon operations at Pela Ema, with approximately 90% of process water recirculated.

The Pela Ema facility is located on a mineral tenement portfolio held by SVPM in the municipality of Minaçu, in the northern part of the State of Goiás, Brazil. The “directly affected area” authorized under Installation License No. 284/2019 covers 4,362.62 hectares (approximately 10,780 acres) of potential area to be exploited, grouped across seven mining processes. Lands surrounding the Pela Ema facility are predominantly private rural properties, with land use dominated by pasture and limited cropping. Pela Ema is located far from ecologically or socially sensitive areas in the Amazon. The granted mining concessions and authorized licenses provide land for mining, processing, ancillary facilities and expansion capacity.

The Pela Ema deposit is an REE- and yttrium-rich weathered granite containing xenotime, monazite and other REE-bearing minerals. The enrichment occurs in the lateritic profile. The upper mottled zone is reddish-brown, heavily degraded rock rich in iron and minerals such as quartz, re-precipitated iron hydroxides and clays. The mottled zone transitions into saprolite, the main REE bearing horizon, with an average thickness of 4.5 meters. Saprolite is reddish to whitish and less degraded. REEs have been absorbed primarily onto kaolinite, illite, montmorillonite and gibbsite clays, typically representing between 15% and 40% of the saprolite mass. The lowest layer, saprock, is variably developed and most evident in the central plateau. It is the transition between the saprolite and bedrock that has a moderate clay and REE content.

Customers

The entirety of Pela Ema’s Phase I production is allocated to the Offtake Agreement. The Buyer is contractually obligated under the Offtake Agreement to purchase all of our MREC product on a take-or-pay basis (meaning the Buyer is obligated to pay for the Products even if it is unable or unwilling to take delivery). The Buyer may sell the Products it acquires under the Offtake Agreement to third-party customers globally, which will process and resell these further processed products.

Suppliers

We use certain reagents in our processing facilities, which are purchased from third-party suppliers. These reagents are subject to pricing volatility and supply availability. In the event of a supply disruption, we believe alternative reagents could be sourced. We may not be able to pass increased reagent prices through to our customers in the form of price increases. A significant increase in price, decrease in availability or restriction on use of these reagents could materially increase our operating costs and adversely affect our profit margins.

Competition

The rare earth mining and processing markets are capital intensive and competitive. Outside of the major rare earth producers in China, two other producers operate at scale: MP Materials Corp. and Lynas Rare Earths Ltd. Certain of our competitors have greater financial resources and other strategic advantages relative to the Company.

Increased production from the Pela Ema deposit, alongside production increases from other producers, may lead to predatory pricing or competitive responses. Any increase in rare earth products exported from other nations and increased competition (whether legal or illegal) could result in price reductions, reduced margins and loss of potential market share, any of which could materially adversely affect our profitability. Certain Chinese competitors have historically produced at relatively low costs due to domestic regulatory factors, including less stringent environmental regulations. For example, certain Chinese producers use wet-tailings storage, which is significantly less expensive but more harmful to the environment than the dry-stack tailings approach we use. Even upon successful completion of our optimization and growth projects at the Pela Ema facility, if we are unable to achieve our anticipated cost of production, then strategic advantages held by competitors, such as lower labor and production costs, could have a material adverse effect on our business. As a result, we may not be able to compete effectively against current and future competitors.

Consistent with U.S. Government critical minerals policy, the minimum floor prices for each of Nd, Pr, Dy and Tb under the Offtake Agreement are intended to mitigate certain of the foregoing risks by helping to de-risk cash flows.

Environmental, Health and Safety Matters

We are subject to extensive Brazilian federal, state and municipal laws, regulations and permits applicable to mining and mineral processing, including those covering employee health and safety, air emissions, greenhouse gases (“GHG”) emissions, water usage and discharges, waste management, handling of hazardous and radioactive substances, soil and groundwater remediation, land use, and reclamation. Compliance has a significant effect on our results of operations and competitive position, and we expect to continue to incur significant operating and capital expenditures for monitoring, compliance, pollution control equipment, permitting and infrastructure upgrades. Future laws or changes in interpretation or enforcement could involve substantial additional costs or delay, limit or prohibit operations.

Permits and Approvals

The Pela Ema facility is subject to environmental licensing by the State Secretariat for Environment and Sustainable Development of Goiás (“SEMAD/GO”) under the shared competence framework of Complementary Law No. 140/2011 and Technical Cooperation Agreement No. 64/2023 between SEMAD/GO and the Brazilian Institute of Environment and Renewable Natural Resources (“IBAMA”). Environmental licensing is governed by CONAMA Resolution No. 237/1997 and Federal Law No. 6,938/1981 (environmental policy). Mining activities are also subject to federal oversight by the National Mining Agency (ANM) under Decree-Law No. 227/1967 (the Brazilian Mining Code).

We hold the necessary environmental licenses to operate Pela Ema, including Corrective Operating License No. 225/2023, issued by SEMAD/GO on December 15, 2023 and valid through October 18, 2028, authorizing extraction at Fazenda Capão Grande and Fazenda Alto da Boa Vista in Minaçu, Goiás. The license imposes conditions covering water quality monitoring, erosion control, vegetation recovery, effluent management, fauna and flora conservation, mine closure planning and periodic reporting.

Expansion projects may require new licenses, environmental impact assessments and environmental impact reports. Failure to obtain, maintain or renew licenses could delay or restrict operations and result in fines or penalties.

Mine Health and Safety Laws

Mining operations in Brazil are governed by Law No. 6,514/1977 (occupational safety and health), Regulatory Standard NR-22 of the Ministry of Labor and Employment (standards for training, mining procedures, blasting and equipment), and other federal and state regulations. New or more stringent rules could increase our operating costs.

We maintain a comprehensive safety program. Employees and contractors must complete initial and annual refresher safety training, and our Stop Work Authority program empowers any employee or contractor to halt work they deem unsafe.

Workers’ Compensation

We compensate employees for work-related injuries and occupational diseases under Law No. 8,213/1991 (social security benefits) and the Consolidation of Labor Laws, including mandatory contributions to the National Social Security Institute (INSS) for Work Accident Insurance. Costs vary with accident frequency and claim handling. We also maintain additional insurance for our Minaçu, Goiás operations and administrative facilities.

Surface Mining Control and Reclamation

Our environmental licenses, approved mining plan, plan for recovery of degraded areas and applicable laws set operational, reclamation and closure standards, and require us to restore the surface area on completion of mining. As of December 31, 2025, we have recorded a liability of approximately \$4.4 million for decommissioning, reclamation and restoration of Pela Ema.

Water Usage and Pollution Control

Federal Law No. 9,433/1997 (water resources policy), state regulations and CONAMA Resolutions Nos. 357/2005, 430/2011 and 503/2021 govern water usage and effluent discharges from our operations. We hold all required water resource use authorizations, which establish wastewater management standards and require ongoing monitoring, sampling and reporting as preconditions for issuance and renewal.

Air Pollution Control

Our operations are regulated under Federal Law No. 6,938/1981 (environmental policy), CONAMA Resolutions No. 003/1990 (air quality) and No. 382/2006 (industrial emissions), and SEMAD/GO regulations. We operate the air pollution control devices required by our licenses and generally must obtain licenses before installing new sources of air pollution.

Our operations also emit GHGs and are subject to Law No. 12,187/2009 (climate change policy), with GHG regulation continuing to evolve. New GHG rules could require license modifications, additional pollution controls or higher operating costs (including indirectly through energy prices), but may also increase demand for rare earth products used in clean-technology applications such as EVs and wind turbines.

Hazardous and Radioactive Substances and Wastes

Federal Law No. 6,938/1981 (environmental policy) and Federal Law No. 9,605/1998 (environmental crimes) impose strict liability, without regard to fault, on parties contributing to releases of hazardous substances, and may apply to properties we or our predecessors currently or formerly owned, leased or operated, or to which waste was sent.

Rare earths contain naturally occurring radioactive materials, including thorium and uranium. Their handling and disposal is regulated by the National Commission for Nuclear Energy, from whom we hold an operating license.

Solid and hazardous waste from processing, remediation and facility expansion is managed under Law No. 12,305/2010 (National Solid Waste Policy) and SEMAD/GO regulations.

Biodiversity and Land Use

Brazilian law establishes protected areas and land use restrictions that may affect our operations, including Law No. 9,985/2000 (protected areas), Law No. 5,197/1967 (wildlife protection) and Law No. 12,651/2012 (forests), which mandates preservation areas and reserves and requires SEMAD/GO authorization for vegetation suppression.

Before disturbing new land, we conduct a biological survey for nesting birds, protected vegetation and protected animals. To date, no surveys have identified species with conservation status or protected habitat on or near our ore reserve, although several Cerrado fauna species are protected in the surrounding area. Under our licenses and approved plan for recovery of degraded areas, we stockpile topsoil and vegetation for revegetation, supplemented by broadcast seeding with native, locally adapted seed and planting of seedlings and shrubs in compliance with state and municipal rules on the removal of native Cerrado vegetation.

Other Environmental Laws

We are also required to comply with numerous other Brazilian federal, state and municipal environmental laws, including Complementary Law No. 140/2011 (protection of notable natural landscapes, and the protection of flora, fauna and ecosystems), Federal Law No. 12,305/2010 (solid waste), Federal Law No. 12,651/2012 (forests) and Federal Law No. 9,605/1998 (environmental crimes).

Employees

As of December 31, 2025, we had approximately 350 employees and an additional 260 individuals engaged through contractors and working exclusively for the Company. We anticipate hiring an additional 300 full-time employees as part of our ramp-up to full Phase I capacity of approximately than 6,400 metric tons per year of total rare earth oxides.

Certain of our employees in Brazil are covered by collective-bargaining arrangements customary in the Brazilian mining industry. We consider our relationships with our employees and their representative organizations to be constructive.

Legal Proceedings

From time to time, we may be subject to legal and governmental proceedings and claims in the ordinary course of business. We are not currently a party to any material legal or governmental proceedings and, to our knowledge, none is threatened.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2025 and notes thereto (the "Consolidated Financial Statements"). The financial information included therein was prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and presented in United States Dollars.

The MD&A contains forward-looking statements. Forward-looking statements include all statements that are not historical facts. In some cases, these statements can be identified by the use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "plan," "predict," "project," "should," "will," and "would," or the negative thereof or other comparable terminology. Forward-looking statements include, but are not limited to, statements regarding the development and construction of SVRE's integrated mining and processing project in Minaçu, Goiás, Brazil, expected Project (as defined below) completion timing, production targets, financing plans, currency exchange rate impacts, and our liquidity and capital resources. Forward-looking statements are subject to a number of risks and uncertainties, including but not limited to: risks related to construction, commissioning, and ramp-up of the Project; risks related to mineral exploration and production in Brazil; fluctuations in foreign currency exchange rates, in particular the Brazilian Real relative to the U.S. dollar; commodity price volatility; regulatory and permitting risks; our ability to obtain additional financing on acceptable terms or at all; and other factors. Actual results may differ materially from those anticipated.

Executive Overview

The Serra Verde Group, including SVRE Holdings Ltd. (the "Company" and, together with its subsidiaries, the "Group," "SVRE," "we," "our" and "us"), is developing Pela Ema (the "Project"), one of the largest known ionic-clay Rare Earth Element ("REE") deposits outside of Asia. Ionic clays can be mined with low-cost open pit mining techniques and processed using simple, low energy and environmentally benign technologies and reagents.

The Project is located in an established mining area in central Brazil in the state of Goiás. SVRE has access to a skilled workforce from the nearby town of Minaçu and mine operations are close to existing transport, renewable power, water and other infrastructure. The Project revolves around a large, long-life deposit containing an elevated proportion of high value heavy and light REEs, including neodymium (Nd), praseodymium (Pr), terbium (Tb) and dysprosium (Dy), that are key to permanent magnet production as well as applications in the automotive, energy, aerospace and defense, robotics, healthcare, and other critical industries.

SVRE has secured all permits required for the Project, which is designed to produce a Mixed Rare Earth Carbonate (MREC). As of December 31, 2025, the Project remains in the development stage and has not yet achieved the milestones necessary to be considered operational. We are currently implementing a process optimization and growth project that we expect will result in higher production capacity, a sustained lower operating cost profile and enhanced product quality. We expect to complete construction and commence commercial operations in 2027.

While revenue increased significantly in 2025 compared to 2024, we remain in the pre-operational stage and are not yet producing at the scale of production necessary to fund ongoing operations. We remain in a net loss position and continue to fund our operations and capital expenditure primarily through our cash position and third-party financing arrangements.

Recent Developments

Interim Funding/Cost Overrun Facility

On January 12, 2026, SVRE entered into an interim funding and cost overrun facility with OMF Fund III (F) Ltd. and certain shareholders (the "Interim Facility") to fund near-term construction expenditures and cost overruns at the Project. In connection with the Interim Facility, the Company issued warrants (the "warrants") to the shareholder lenders to purchase 1,028,571 ordinary shares of the Company at an exercise price of \$0.01 per ordinary share. The warrants are exercisable upon specified triggering events (including a public offering or a company sale), subject to their terms. The balance of \$18 million under the Interim Facility (including principal and accrued interest) was repaid in full on March 6, 2026 with proceeds of the first drawdown of the DFC Facility (defined below).

DFC Senior Secured Term Loan Facility

On January 21, 2026, SVRE entered into a senior secured 12-year term loan facility with the DFC of up to \$565.0 million (the “DFC Facility”). The DFC Facility is structured in tranches and is intended to fund the debottlenecking and optimization Project. The DFC Facility also permitted proceeds of the DFC Facility to be used for the repayment of the Interim Facility and OMF Credit Agreement, (as defined below) and the redemption of the OMF Class A Preferred Shares (as defined below).

Interest under the DFC Facility accrues at a floating rate based on SOFR plus a 4.0% spread. The DFC Facility includes, among other charges, a commitment fee on undisbursed amounts, a facility fee, and an annual maintenance fee. The DFC Facility is secured by the assets of SVRE and each of its subsidiaries, and is guaranteed by Serra Verde Pesquisa e Mineração Ltda. (“SVPM”) and each of SVRE’s other subsidiaries. In connection with the DFC Facility, SVRE agreed to issue warrants to DFC for shares equivalent to 12% of the fair market value of SVRE at the time of exercise. SVRE expects to draw on the DFC Facility in accordance with a construction drawdown schedule tied to defined milestones. The first drawdown of \$325.0 million of the DFC Facility occurred on March 6, 2026. The term of the DFC Facility will be extended to 15 years in connection with certain conditions precedent defined in the Offtake Agreement.

Oftake Agreement with the United States Government

On April 20, 2026, SV Management Switzerland AG (the “Seller”), a wholly owned subsidiary of the Company, entered into a long-term Offtake Agreement (the “Oftake Agreement”) with US SIIE, LLC (the “Buyer”), a special purpose vehicle capitalized by the U.S. government and private capital sources. The Offtake Agreement provides for the sale and purchase of 100% of Phase 1 production from the Company’s mine and processing facility in Brazil (the “Facility”), Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), and Terbium (Tb) in the form of mixed rare earth carbonate (collectively, the “Products”). The term of the Offtake Agreement will continue until the earlier to occur of: (i) the date the Seller has delivered the Products derived from 198,000,000 metric tons of run of mine ore; or (ii) the date that is 20 years after the Facility commences commercial operations. The terms of the Offtake Agreement include guaranteed minimum floor prices for each of Neodymium, Praseodymium, Dysprosium and Terbium, as well as mechanisms for shared upside. The Buyer intends to resale the products to entities who will separate and process the products for sale to companies serving all end markets and applications.

Merger Agreement with USAR

On April 19, 2026, the Company entered into the Agreement and Plan of Merger (the “Merger Agreement”) with USA Rare Earth, Inc. (“USAR”), Middlebury Merger Sub Ltd., an indirect wholly owned subsidiary of USAR (“Merger Sub”) and Serra Verde Rare Earths Ltd., acting in the capacity of shareholder representative. Pursuant to the Merger Agreement, and subject to the satisfaction of customary closing conditions and receipt of required regulatory approvals, the Company will merge with and into Merger Sub, with Merger Sub surviving as an indirect, wholly owned subsidiary of USAR (the “Merger”). The Merger is expected to close in the third quarter of 2026.

The aggregate consideration to be received by SVRE’s shareholders at closing consists of (i) US\$300,000,000 in cash and (ii) 126,849,307 shares of Common Stock. Based on USAR’s share price of US\$19.95 as of April 17, 2026, the implied total transaction value is approximately US\$2.8 billion. Upon closing, SVRE’s shareholders will own approximately 34% of USAR on a pro-forma basis. Completion of the Merger is subject to certain closing conditions.

Upon closing, all outstanding warrants will be automatically exercised and converted into ordinary shares immediately prior to the Merger. All outstanding RSUs and SARs, whether vested or unvested, will accelerate in full and be cancelled in exchange for a pro rata portion of the Merger consideration. Stock options not subject to performance conditions will be similarly cancelled on a cashless basis for Merger consideration, while performance-vesting options held by continuing service providers will be substituted with USAR RSUs subject to continued service vesting. The Company’s equity incentive plan will be terminated at closing. No fractional shares will be issued.

The Merger Agreement contains customary reciprocal representations and warranties covering, among other matters, corporate organization, capitalization, financial statements, compliance with law, tax matters, and material contracts. Except in cases of fraud, all representations and warranties will not survive the closing of the Merger and will not give rise to post-closing indemnification obligations. USAR may, at its election and expense, obtain a representations and warranties insurance policy, which, if obtained, must waive subrogation rights against the Company's shareholders except in cases of fraud.

Shareholders receiving USAR common stock in the Merger will be subject to a phased lock-up: one-third of the shares received will be freely transferable at closing, one-third released after 90 days, and the remaining one-third after 180 days. USAR has agreed to file a shelf registration statement for the resale of all shares issued in the Merger on the first business day following closing.

Key Factors Affecting Our Performance and Financial Condition

Development Stage Status and Pre-Commercial Production Economics

We are engaged in the mineral exploitation of rare earth elements through an integrated mining and processing operation that currently produces limited quantities of MREC while the process optimization and growth project is completed, with the Project currently under construction and expected to start ramping up production later in 2026 and reach completion in 2027. This development-stage status is the single most defining factor shaping SVRE's financial results. Although SVRE announced the commencement of commercial production of MREC from Phase I of its Pela Ema deposit in January 2024, as of December 31, 2025, SVRE has not yet achieved the milestones necessary to be considered fully operational. As a consequence, revenue for the year ended December 31, 2025 was only \$2.5 million, against cost of sales of \$36.1 million, producing a gross loss of \$33.6 million. The magnitude of capital commitment to the Project is reflected in construction in progress of \$531.9 million at December 31, 2025, compared to \$418.7 million at December 31, 2024, reflecting significant investment in an asset not yet generating a commercial return. Until throughput and production volumes are sufficient to generate revenue at the scale needed to absorb operating costs, the gross loss will remain the dominant driver of SVRE's operating performance.

Rare Earth Market Prices and Inventory Net Realizable Value Dynamics

The market price of rare earth products, particularly MREC and its constituent rare earth oxides, directly determines both the revenue achievable upon sale and the net realizable value at which inventory must be carried on the balance sheet. SVRE values its inventory at the weighted average cost or net realizable value in accordance with ASC 330, with net realizable value determined based on estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. SVRE evaluates its inventory for potential valuation adjustments at least on a quarterly basis, or sooner when events or changes in circumstances indicate that the net realizable value may be below carrying cost, including as a result of changes in rare earth market prices. Importantly, under ASC 330, once inventory is written down to its net realizable value, the reduced carrying amount becomes the new cost basis and may not be subsequently written back up, even in the event of a recovery in market prices. The financial impact of this policy has been dramatic and non-linear across periods. The elevated carrying cost of the Company's inventories reflects the cost structure inherent to a facility not yet operating at commercial scale, where fixed and semi-fixed operating costs are absorbed by a limited volume of production, resulting in a per-unit cost of inventory that significantly exceeds what would be expected under normalized commercial operations. As a consequence, even at prevailing market prices, the net realizable value of inventory has been insufficient to recover the carrying cost in the years ending December 31 2024 and December 31, 2025, necessitating recognition of impairment expenses. During the year ended December 31, 2024, the Company recognized an inventory impairment expenses of \$47.8 million related to its concentrate and in-process inventories. During the year ended December 31, 2025, the Company recognized a further inventory impairment expenses of \$33.7 million on newly produced inventory, reflecting continued pressure from both below-commercial-scale production costs and rare earth market pricing conditions. Together, these charges represent a cumulative loss of approximately \$81.5 million in cost of sales across the two periods.

The Ability and Cost of Financing Our Operations

The table below represents the balances for key debt and financing obligations for the years ended December 31, 2024 and 2025 as well as the year over year changes.

Debt and Financing Obligations (in millions, except percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
OMF Credit Agreement	107	93	14	15
OMF Class A Preferred Shares	45	41	4	10
OMF Royalty Agreement	73	56	17	30

Given the pre-commercial status, SVRE has been entirely dependent on external financing to fund its operations and capital expenditure program, and the cost of maintaining that financing structure is becoming an increasingly significant factor in SVRE's results of operations. At December 31, 2025, we have a number of financing arrangements in place with significant interest obligations. The OMF Credit Agreement (as defined below) had an opening balance of \$93.0 million at January 1, 2025, with accrued interest of \$14.3 million during 2025, bringing the closing balance to \$107.3 million at December 31, 2025. Simultaneously, the OMF Class A Preferred Shares (as defined below) had an opening balance of \$41.1 million, with accrued interest of \$4.3 million added during 2025, increasing the closing balance to \$45.4 million. The OMF Royalty Agreement (as defined below) had an opening balance of \$55.5 million, with accrued interest of \$17.7 million added during 2025, increasing the closing balance to \$73.0 million. The combined accreting cost of these three instruments alone — approximately \$36.6 million of interest accrued in 2025 — significantly exceeds SVRE's total revenue and represents a compounding obligation that grows with each passing period. This financing cost dynamic is a direct reflection of the broader challenge facing development-stage critical minerals companies, namely the extended timeline from initial capital commitment to commercial production creates a period of prolonged financial exposure in which capital providers require increasing compensation for the execution risks they bear.

Foreign Currency Exchange Rate Volatility

Exchange Rates of R\$ per US\$	Period-End	Average	High	Low
2023	4.8413	4.9927	5.4459	4.7202
2024	6.1923	5.3905	6.1991	4.8543
2025	5.5024	5.5855	6.2086	5.2729
January 2026	5.2301	5.3380	5.4372	5.1838
February 2026	5.1495	5.2006	5.2587	5.1382
March 2026	5.2194	5.2316	5.2878	5.1596

Foreign currency exchange rate movements have historically been a key driver of variability in SVRE's reported net loss from period to period, and this dynamic was particularly pronounced during the periods ended December 31, 2024 and 2025. Exchange variation, net, was a gain of \$49.5 million for the year ended December 31, 2025, compared to \$(93.7) million for the year ended December 31, 2024.

The primary source of this volatility is the currency profile of Serra Verde Pesquisa e Mineração Ltda. ("SVPM"), SVRE's Brazilian operating subsidiary, which has the Brazilian Real ("BRL") as its functional currency. SVPM has historically carried significant intercompany liability balances denominated in U.S. dollars ("USD"), reflecting the USD-denominated financing arrangements through which the Project has been funded. Because these liabilities are denominated in a currency other than SVPM's functional currency, they are subject to remeasurement at each reporting date. When the BRL depreciates relative to the USD, the BRL-equivalent value of these USD-denominated liabilities increases, generating a remeasurement loss that is recognized in the consolidated statement of operations as exchange variation. Conversely, when the BRL appreciates relative to the USD, a remeasurement gain is recognized. Given the magnitude of the intercompany balances outstanding, even moderate movements in the BRL/USD exchange rate can produce material impacts on reported results.

The effect of changes in foreign exchange rates on cash was \$(42.8) million in 2025, compared to an income of \$92.0 million in 2024, demonstrating that currency movements also materially impact reported cash balances independently of actual cash generation or consumption.

This sensitivity is a structural feature of SVRE’s business model — a largely BRL-cost, USD revenues and USD-financed mining project reporting in USD — and will remain a significant driver of reported results for as long as intercompany balances remain outstanding in a currency other than SVPM’s functional currency, and the BRL/USD exchange rate continues to experience significant fluctuation.

Cost Inflation and Access to Raw Materials

Increasing costs due to inflation or other factors beyond our control or limited access to raw materials may adversely affect our profitability. Operation of the Project will involve use of significant quantities of chemical reagents and diesel fuel. Though we may enter into long-term purchase agreements, chemical reagents, diesel and other raw materials sourced from third parties may be subject to significant volatility in cost and availability. In addition, third parties may not honor their agreements with us and/or declare force majeure, and as a result, we may need to obtain such chemical reagents from other parties at higher costs and expense and there may be a delay in obtaining such chemical reagents. Further, supply chains reliant on sea vessels, trains, and/or trucks may subject us to transportation delays in obtaining these chemical reagents. We may not be able to pass increased costs for these chemical reagents, diesel fuel or other raw materials through to our customers in the form of price increases. There can be no assurance that we will be able to purchase the necessary chemical reagents, diesel fuel or other raw materials from third parties on terms that are acceptable to us. The failure to obtain chemical reagents, diesel fuel or other raw materials as needed will have an adverse effect on our financial condition and results of operations.

Key Performance Indicators

In evaluating the performance of our business, we use the key performance indicators (“KPIs”) outlined below. However, as our business continues to evolve, the metrics that management uses to evaluate the business may change or be revised.

Summary of operational performance

<i>(In units, except percentage)</i>	Year Ended December 31,		Change	
	2025	2024	(units)	(%)
Ore Processed (tonnes)	132,173	584,946	(452,773)	(77)
TREO Produced ⁽¹⁾ (tonnes)	40	150	(110)	(73)
TREO Sales (tonnes)	138	11	127	1,155

Ore Processed

Ore processed represents total tonnes of ore material fed through the Company’s beneficiation facilities during the period, categorized by particle size distribution (<1mm and >1mm fractions).

This metric provides investors with visibility into production activity levels and facility utilization rates. It serves as the primary input measure for the production process and directly correlates with downstream production of MREC and TREO. Changes in ore processing volumes signal strategic or operational shifts that impact revenue generation capacity and cost structure.

Management uses ore processed as the primary operational metric to monitor production activity, evaluate facility utilization against installed capacity, plan production schedules, and assess the effectiveness of process improvements. During the process optimization and growth project implementation, this metric tracks planned production and will be used to measure the success of the production ramp-up in 2026.

Ore processed is measured by weight (tonnes) at the point of entry into the beneficiation circuit. Measurement includes all ore fed to the processing facilities regardless of ultimate recovery rates or product quality.

Ore processed declined 77% from 584,946 tonnes for the year ended December 31, 2024 to 132,173 tonnes for the year ended December 31, 2025 due to a strategic decision to curtail operations in order to (i) perform maintenance activities, (ii) focus on implementation of the process optimization and growth project, and (iii) manage operating expenditure while completing financing activities.

TREO Production

Total Rare Earth Oxide (“TREO”) production is measured in metric tonnes. This measure includes both TREO volumes in bagged MREC, our finished product, and TREO in the thickener that has been produced but not yet bagged. TREO production is an indicator of our ability to convert Ore processed into finished product that ultimately will be sold.

TREO production is the primary output measure of the Company’s operations and the basis for revenue generation. This metric allows investors to assess production efficiency, evaluate the relationship between ore input and saleable product output, and understand inventory dynamics when compared to TREO sales. It provides insight into the Company’s ability to convert ore resources into marketable product.

Management uses TREO production to monitor metallurgical performance, evaluate recovery rates from ore processing, plan inventory levels, and forecast revenue potential. This metric is critical for production planning, quality control assessment, and evaluating the technical success of process improvements implemented through the process optimization and growth project.

TREO production declined 73% from 150 tonnes for the year ended December 31, 2024 to 40 tonnes for the year ended December 31, 2025 due to a strategic decision to curtail operations in order to (i) perform maintenance activities, (ii) focus on implementation of the process optimization and growth project, and (iii) manage operating expenditure while completing financing activities.

TREO Sales

TREO sales represent the volumes in metric tonnes of TREO contained in MREC sold to customers. A unit, or MT, is considered sold once we recognize revenue on its sale as determined in accordance with US GAAP. Our TREO sales volume is a measure of our ability to convert MREC production into revenues. TREO sales volumes are our only source of revenue.

TREO sales is the direct driver of revenue and provides investors with the volume component of revenue generation. When analyzed alongside realized price, this metric allows investors to decompose revenue performance into volume and price effects. The relationship between TREO sales and TREO production reveals inventory management strategies and the sustainability of current sales levels.

Management uses TREO sales to monitor commercial performance, evaluate sales team effectiveness, track customer relationships and market share, and plan production levels to meet customer demand. This metric is essential for revenue forecasting, inventory management decisions, and assessing the Company’s competitive position in the rare earth market.

TREO sales are measured in tonnes of contained oxide content at the point of sale. Revenue recognition occurs upon transfer of control to the customer, typically at shipment or delivery depending on contract terms. Sales volumes are based on assayed oxide content in the product delivered, using the same assay methodologies applied to production measurement.

TREO sales increased 1,155% to 138 tonnes for the year ended December 31, 2025, compared to 11 tonnes for the year ended December 31, 2024. This substantial increase occurred despite a 73% decrease in TREO production during the same period, reflecting a strategic shift in the Company’s operational focus and working capital management.

The increase in sales was primarily attributable to the monetization of inventory accumulated during 2024. During 2024, the Company produced 150 tonnes of TREO but sold only 11 tonnes, resulting in significant inventory buildup. In 2025, management prioritized the conversion of this inventory into cash to support operational requirements and reduce working capital levels during the period of operational curtailment. The sale of 138 tonnes in 2025, compared to production of only 40 tonnes, resulted in a drawdown of inventory of approximately 98 tonnes.

As of December 31, 2025, TREO inventory levels were 46 tonnes, compared to 117 tonnes at December 31, 2024. The Company believes current inventory levels are appropriate to support near-term customer commitments while maintaining operational flexibility as production ramps up following completion of the capacity expansion project.

Summary of financial performance

Realized Price per Kg of TREO

We calculate the realized price per kilogram of TREO Sales for a given period as the quotient of: (i) our TREO sales revenues as determined in accordance with US GAAP for a given period, divided by (ii) our TREO sales volumes for the same period. Realized price per kg is an important measure of the market price of TREO contained in MREC and key determinant of revenue.

Realized price allows investors to understand the price component of revenue performance, separate from volume effects. This metric provides insight into market conditions, the Company's pricing power, product quality and differentiation, and the effectiveness of commercial strategies. Management uses realized price to evaluate commercial performance, assess the effectiveness of pricing strategies, monitor market conditions and competitive dynamics.

(in thousands, except tonnes and percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
TREO Sales (tonnes)	138	11	127	1,155
Revenues	2,486	214	2,272	1,062
Realized Price (USD/kg)	18.33	19.91	(1.58)	(5)

The average realized price per kilogram of TREO decreased 5% to \$18.33 for the year ended December 31, 2025, compared to \$19.91 for the year ended December 31, 2024. This decrease was primarily attributable to changes in product quality and mix, specifically a lower average TREO grade in MREC shipments and variations in the relative proportions of individual rare earth oxides contained in the product sold.

COGS Cash Cost per tonne

COGS Cash Cost per tonne is a non-GAAP operational metric calculated as (Operating Costs + Sales & Marketing Costs) divided by TREO Sales volume (tonnes). Operating Costs include cash operating expenses incurred at production facilities (labor, energy, materials, maintenance, and other direct operating costs). Sales & Marketing Costs include cash expenses related to sales activities, marketing, logistics, and customer service. The result is expressed in total dollars.

This metric is intended to provide investors with visibility into the cash operating costs associated with producing and selling TREO on a per-unit basis. Management uses this metric to evaluate per-unit cash operating efficiency and monitor cost trends relative to sales volumes.

(in thousands, except tonnes and percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Sales and marketing costs ⁽¹⁾	(251)	(72)	(179)	249
Cost of sales ⁽¹⁾	(2,331)	(5,855)	3,524	(60)
TREO Sales (tonnes)	138	11	127	1,155
COGS Cash cost per tonne	(18.71)	(538.81)	520.10	(97)

(1) Excludes non-cash costs

COGS cash cost per tonne decreased 97% to \$18.71 per tonne for the year ended December 31, 2025, compared to \$538.81 per tonne for the year ended December 31, 2024. This significant improvement was primarily attributable to substantially higher sales volumes (138 tonnes in 2025 versus 11 tonnes in 2024), which resulted in improved absorption of fixed production costs across a significantly larger sales base as well as cost reduction initiatives.

Results of Operations

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

The following table sets forth our consolidated results of operations for the years ended December 31, 2025 and 2024:

(in thousands, except percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Revenue	2,486	214	2,272	1061.8
Cost of sales	(36,105)	(53,673)	17,568	(32.7)
Gross margin	(33,619)	(53,459)	19,840	(37.1)
General and administrative expenses	(25,803)	(25,772)	31	(0.1)
Other expenses, net	(1,440)	(104)	(1,230)	(586.2)
Financial income	2,671	3,119	(448)	(14.4)
Financial expenses	(9,873)	(1,285)	(8,588)	(688)
Foreign currency exchange, net	49,532	(93,651)	143,183	152.9
Loss before income taxes	(18,532)	(171,152)	152,620	(89.2)
Deferred tax income	—	9,943	(9,943)	(100)
Net loss	(18,532)	(161,209)	142,677	(88.5)%

Revenue

Revenue increased \$2.3 million to \$2.5 million for the year ended December 31, 2025, compared to \$0.2 million for the year ended December 31, 2024. Revenue in both periods consisted entirely of “MREC” produced at the Project and sold under an offtake agreement. Pricing under the offtake agreement was determined by contractual formulas that reference the quantity and quality of TREO content in each shipment and prevailing benchmark market prices for individual rare earth oxides, including high-value magnet rare earths such as neodymium (Nd), praseodymium (Pr), terbium (Tb), and dysprosium (Dy).

The year-over-year increase in revenue was primarily driven by higher volumes of TREO contained in MREC sold in 2025 compared to 2024. Higher sales volumes were partially offset by lower Realized prices. Lower average TREO grade in MREC shipments in 2025 compared to 2024 was partially mitigated by more favorable benchmark market prices for rare earth oxides during the period.

Revenue disclosed for 2025 and 2024 above was achieved under an offtake agreement that was suspended by mutual agreement in February 2026 due primarily to restricted production levels. Our last delivery under that offtake agreement was in February 2026.

Cost of Sales and Inventory Impairment

(in thousands, except percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Cost of sales	(2,331)	(5,855)	3,524	60.2
Inventory impairment	(33,774)	(47,818)	14,044	29.4

Cost of sales is comprised of all direct and indirect costs incurred in the production of MREC and related rare earth products, including mining and processing costs, reagents and consumables, labor, equipment depreciation, site overhead, and transportation costs to the point of sale, as well as inventory valuation adjustments. Excluding inventory impairment Cost of sales decreased by \$3.55 million, or 60.2%, to \$2.3 million for the year ended December 31, 2025, from \$5.9 million for the year ended December 31, 2024. Increased fixed cost absorption and cost reduction initiatives lowered the costs of volumes sold.

The inventory impairment losses recorded reflect high per unit cost structure inherent to a facility not yet operating at commercial scale, where fixed and semi-fixed operating costs are absorbed by a limited volume of production, resulting in a per-unit cost of inventory that significantly exceeds what would be expected under normalized commercial operations. The \$14.0 million lower inventory impairment loss in the year ended December 31, 2025 versus the year ended December 31, 2024 reflects lower inventory volumes at year end as well as higher realized prices

General and Administrative Expenses

	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
<i>(in thousands, except percentage)</i>				
Salaries and personnel expenses	(17,223)	(16,364)	(859)	5
Professional fees	(5,995)	(5,372)	(624)	11.6
Office and facilities costs	(558)	(635)	77	12.1
Taxes	(420)	(1,015)	595	58.6
Other	(1,607)	(2,386)	780	32.7

General and administrative expenses comprise costs associated with the overall management and administration of SVRE that are not directly attributable to production or project development activities. These include salaries and personnel expenses, professional fees, office and facilities costs, taxes, and other overhead expenses incurred in support of SVRE's corporate functions. General and administrative ("G&A") expenses for the year ended December 31, 2025 totaled \$ 25.8 million, in line with \$ 25.8 million incurred in 2024. The absence of material year-over-year variation reflects a stable cost structure, with increases in certain expense categories offset by reductions in others.

Financial Income and Expenses

Financial income and expenses comprise all gains, losses, income, and expenses arising from SVRE's financing activities and financial instruments, as distinct from its operating activities.

	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
<i>(in thousands, except percentage)</i>				
Income from financial investments	2,671	482	2,189	454
Loss (Gain) on fair value change in private placement warrants liability	—	2,637	(2,637)	(100)

Financial income decreased by \$0.4 million, or 14.4%, to \$2.7 million for the year ended December 31, 2025, from \$3.1 million for the year ended December 31, 2024. While income from financial investments increased significantly to \$2.7 million in 2025 from \$0.5 million in 2024, reflecting higher cash balances throughout the year, this was offset by the fair value remeasurement of the private placement warrants liability that was recognized in 2024. In 2025, the fair value remeasurement of the private placement warrant liability resulted in a loss of \$7.6 million, compared to a gain of \$2.6 million in the prior year driven by changes in SVRE's estimated equity value per share and other valuation inputs used to measure the warrants at each reporting date.

	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
<i>(in thousands, except percentage)</i>				
Loss on fair value change in private placement warrants liability	(7,652)	—	(7,652)	100
Interests on loans and financing	(700)	(307)	(393)	128
Interest and penalties on overdue amounts	(479)	(297)	(182)	61
Accretion expense – ARO	(278)	(223)	(55)	25
Tax on financial transactions	(228)	(124)	(104)	84
Other income (expense)	(532)	(334)	(198)	59

Financial expenses increased by \$8.6 million due to a \$7.6 million loss on fair value change in private placement warrants liability resulting from changed valuation inputs and assumptions, \$0.4 million increase in interest on loans and financing reflecting higher outstanding loan balances.

ARO is the estimated present value of the future costs associated with the decommissioning, reclamation, and restoration of the Project site at the end of its operational life, recognized in accordance with ASC 410. The ARO liability is measured at the present value of expected future cash flows, discounted at a credit-adjusted risk-free rate, and is accreted over time as the obligation approaches its settlement date. This accretion — representing the unwinding of the discount applied to the liability — is recognized as a financial expense in the consolidated statement of operations and increases each period as the outstanding ARO balance grows. SVRE recognized ARO accretion expense of \$0.3 million for the year ended December 31, 2025, compared to \$0.2 million for the year ended December 31, 2024, an increase of \$0.1 million, reflecting the growth in the underlying ARO liability balance and the passage of time.

Exchange Variation, Net

<i>(in thousands, except percentage)</i>	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Exchange variation, net	49,530	(93,651)	143,181	152.9

Exchange variation arises primarily from the remeasurement of BRL-denominated monetary assets and liabilities into U.S. dollars.

SVPM, SVRE's Brazilian operating subsidiary, which has BRL as its functional currency, carries sizable intercompany liability balances denominated in USD, reflecting the USD-denominated financing arrangements through which the Project has been partially funded. Because these liabilities are denominated in a currency other than SVPM's functional currency, they are subject to remeasurement at each reporting date. When the BRL depreciates relative to the USD, the BRL-equivalent value of these USD-denominated liabilities increases, generating a remeasurement loss that is recognized in the consolidated statement of operations as exchange variation. Conversely, when the BRL appreciates relative to the USD, a remeasurement gain is recognized. Exchange variation was a net gain of \$49.5 million for the year ended December 31, 2025, compared to a net loss of \$(93.7) million for the year ended December 31, 2024, representing a favorable change of \$143.2 million. The net foreign exchange gain of \$49.5 million in 2025 compares to a net foreign exchange loss of \$93.7 million in 2024. These amounts are unrealized and non-cash in nature, and arise primarily from the remeasurement of U.S. dollar-denominated intercompany loan balances held by SVPM, whose functional currency is the Brazilian Real. Under applicable accounting standards, monetary assets and liabilities denominated in a currency other than the entity's functional currency are remeasured at each reporting date using the prevailing closing exchange rate, with the resulting gain or loss recognized in the consolidated statements of operations.

The gain of \$49.5 million in 2025 reflects the approximately 11.1% appreciation of the Brazilian Real against the U.S. dollar during the year, with the period-end BRL/USD rate strengthening from R\$6.1923 at December 31, 2024 to R\$5.5024 at December 31, 2025. This appreciation reduced the BRL equivalent of SVPM's USD-denominated intercompany liability of \$346.9 million, generating a significant unrealized remeasurement gain. Conversely, the loss of \$93.7 million in 2024 reflected the sharp depreciation of the BRL against the USD during 2024, with the period-end rate weakening from R\$4.8413 at December 31, 2023 to R\$6.1923 at December 31, 2024, a depreciation of approximately 27.9%, which increased the BRL equivalent of the same USD-denominated obligation and resulted in a corresponding remeasurement loss.

Deferred Tax

SVRE accounts for income taxes in accordance with ASC 740, under which deferred tax assets are recognized for deductible temporary differences and tax loss carryforwards to the extent that it is probable that sufficient future taxable income will be available against which those assets can be utilized. A valuation allowance is established to reduce deferred tax assets to the amount that is more likely than not to be realized.

As of the beginning of the year ended December 31, 2024, SVRE carried a deferred tax asset balance of \$7.0 million on its balance sheet. During the year ended December 31, 2024, management reassessed the recoverability of its deferred tax assets in light of SVRE's pre-operational status and the uncertainty surrounding the timing and magnitude of future taxable income. As a result of this assessment, SVRE recognized a deferred tax expense of \$9.9 million in its consolidated statement of operations, representing the full write-off of previously recognized deferred tax assets, including both the opening balance and additional temporary differences arising during the period. This adjustment reflects management's conclusion that, given the Project's development stage and the absence of a near-term taxable income base, it is not more likely than not that these assets will be realized in the foreseeable future.

As of December 31, 2024 and December 31, 2025, the carrying value of deferred tax assets on the consolidated balance sheet was nil. No deferred tax provision was recognized during the year ended December 31, 2025, consistent with SVRE's continued pre-operational status and management's assessment that the recognition criteria for deferred tax assets have not been met. SVRE will continue to reassess this position at each reporting date as the Project advances toward commercial production

Net Loss

(in thousands, except percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Net loss	(18,532)	(161,209)	142,677	(88.5)%

Net loss improved to \$(18.5) million for the year ended December 31, 2025, from \$(161.2) million for the year ended December 31, 2024, an improvement of \$142.7 million, or 88.5%. The primary contributors to the improvement were: the \$143.2 million favorable change in exchange variation, the \$3.5 million reduction in cost of sales, the \$14.0 million lower inventory impairment, and the \$2.3 million increase in revenue, in each case as discussed above. These improvements were partially offset by the increase in financial expenses of \$ 8.6 million, mainly driven by a \$7.6 million loss on fair value change in private placement warrants liability resulting from changed valuation assumptions. Although the net loss improved significantly, SVRE remains in a net loss position and is not yet generating positive cash flow from operations at a commercial scale. We expect to continue reporting net losses until the Project achieves commercial production and generates sufficient revenue to cover operating and financing costs.

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is a non-GAAP financial measure calculated as net income (loss) plus interest expense, income tax expense (benefit), and depreciation and amortization. EBITDA includes all operating revenues and expenses, including non-cash items such as inventory impairments.

EBITDA allows investors to evaluate the Company's operational performance and cash generation capability independent of capital structure (interest), tax position (taxes), and historical capital investment decisions (depreciation and amortization). This metric facilitates comparison with industry peers that may have different financing structures, tax situations, or asset ages. EBITDA provides a proxy for operating cash flow before working capital changes and capital expenditures.

Management uses EBITDA as the primary metric for evaluating operational performance, measuring progress toward cash flow breakeven, making operational decisions regarding cost management and production levels, and assessing the effectiveness of strategic initiatives including the process optimization and growth project. EBITDA is incorporated into executive compensation programs, aligning management incentives with operational performance improvement.

(in thousands, except percentage)	Year Ended December 31,		Change	
	2025	2024	(\$)	(%)
Net loss, as reported	(18,532)	(161,209)	142,677	(88.5)%
Addback:				
Interest expense, net	700	307	393	128
Income tax provision or (benefit)		(9,943)	9,943	(100)
Depreciation and amortization	1,335	1,464	(129)	(9)
EBITDA	(16,497)	(169,381)	152,884	(90.2)

EBITDA loss decreased 90.2% to \$16.5 million for the year ended December 31, 2025, compared to \$169.4 million for the year ended December 31, 2024, representing a significant improvement of \$152.9 million. This improvement was primarily attributable to higher revenues from increased TREO sales volumes, substantially lower unit costs resulting from improved fixed cost absorption and cost reduction initiatives, and a lower inventories impairment provision in 2025 compared to 2024.

Liquidity and Capital Resources

Overview

Liquidity refers to our ability to generate sufficient cash flows and to access external financing needed to meet the cash requirements of our business operations, including working capital needs, capital expenditure commitments, contractual obligations, and debt service. As a development-stage company, we do not currently generate cash flows from operations sufficient to fund our working capital requirements, capital expenditure program, or debt service obligations. Our liquidity position and our ability to continue as a going concern are therefore dependent on our ability to access external financing until the Project achieves commercial production levels sufficient to fund ongoing operations independently.

As of December 31, 2025, we had cash and cash equivalents of \$2.6 million, compared to \$79.2 million as of December 31, 2024. The decrease of \$76.6 million reflects the combined effect of cash used in operations, continued investment in the construction of the Project, the absence of new capital raises during the year, and the adverse impact of foreign exchange movements on our BRL-denominated cash balances.

Cash used in operating activities was \$(2.4) million in 2025, a significant improvement from \$(189.0) million in 2024, driven primarily by a reduction in the net loss from \$(161.2) million to \$(18.5) million, lower inventory build of \$(28.5) million compared to \$(63.2) million in the prior year, and a reduction in accounts payable and accrued expenses of \$8.1 million. Cash used in investing activities was \$(16.2) million in 2025, compared to \$(45.7) million in 2024, consisting entirely of capital expenditures for the construction of the Project, which the Company deliberately phased to preserve liquidity while the DFC Facility was being finalized. Financing activities used \$(2.4) million in 2025, compared to providing \$182.1 million in 2024, when the Company raised \$144.3 million in capital contributions and borrowed \$40.0 million under existing credit facilities. No new material financing proceeds were received during 2025. Additionally, the depreciation of the Brazilian Real against the U.S. dollar resulted in a non-cash foreign exchange loss on cash of \$(60.3) million in 2025, compared to a positive effect of \$92.0 million in 2024, reflecting the significant portion of our cash balances held in BRL.

Material Cash Requirements and Contractual Obligations

As of December 31, 2025, our material known cash requirements include: (i) the outstanding balance under our Credit Agreement with OMF Fund III (F) Ltd. of \$107.3 million, maturing December 31, 2029, bearing interest at 10% plus the greater of 3-month SOFR or 2%; (ii) Class A Preferred Shares of \$45.4 million, mandatorily redeemable on December 31, 2029, bearing a cumulative 10% return; (iii) royalty obligations of \$73.0 million, representing a perpetual 2.625% royalty on sales, with annual minimum payments commencing after the first sale following March 31, 2026; (iv) lease obligations of \$1.1 million; and (v) ongoing capital expenditures required to complete the construction of the Project, which had \$531.9 million of construction in progress as of December 31, 2025. The Company expects to reach commercial production in 2027, and the remaining capital required to complete the Project is expected to be funded primarily through the DFC Facility.

Sources of Liquidity

The primary source of funding for the completion of the Project is the DFC Facility, a senior secured term loan facility of up to \$565.0 million entered into with the DFC subsequent to December 31, 2025, pursuant to an agreement signed on January 21, 2026. The DFC Facility provides for an initial tranche of \$465.0 million and an incremental tranche of \$100.0 million, with a term of up to 12 years from first closing and quarterly sculpted principal repayments (subject to a potential extension to 15 years upon satisfaction of certain conditions under the Offtake Agreement). In addition, in January 2026, SVRE secured interim bridge funding of \$24.0 million from its shareholders and \$8.0 million from OMF, providing near-term liquidity to support operations and construction activities pending the first drawdown under the DFC Facility. Management believes that the proceeds from the DFC Facility, together with cash generated from operations as the Project ramps up toward commercial production, will be sufficient to fund the completion of the Project and meet SVRE's obligations as they come due. However, there can be no assurance that the DFC Facility will be drawn in the amounts or on the timeline currently anticipated, or that additional financing will not be required.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2025 and 2024:

(All figures in thousands of U.S. dollars.)	Year Ended December 31,	
	2025	2024
Net cash provided by (used in)		
Operating activities	(2,380)	(189,001)
Investing activities	(16,220)	(45,676)
Financing activities	(2,378)	182,089

Operating Activities

Net cash used in operating activities was \$(2.4) million for the year ended December 31, 2025, compared to \$(189.0) million for the year ended December 31, 2024, an improvement of \$186.6 million. The substantial reduction in operating cash outflows was primarily attributable to a significant narrowing of the net loss, which decreased to \$(18.5) million in 2025 from \$(161.2) million in 2024, and a meaningful reduction in working capital consumption. Inventory increase declined to \$(28.5) million in 2025 from \$(63.2) million in 2024, a reduction of \$34.7 million, as the Company more carefully managed production levels and expenditures to preserve liquidity. Accounts payable and accrued expenses provided a cash inflow of \$0.4 million in 2025, compared to a cash outflow of \$(8.6) million in 2024, a favorable change of \$8.1 million driven by improved payment cycle management and the timing of vendor settlements.

Non-cash charges also contributed meaningfully to the reconciliation between net loss and operating cash flows. Inventory impairment charges of \$33.8 million in 2025, while lower than the \$47.8 million recorded in 2024, continued to represent a significant non-cash adjustment. Share-based compensation increase to \$8.2 million from \$7.4 million in the prior year primarily due to an increase in recognition of expenses related to stock appreciation rights (SARS) awards. Recoverable taxes were \$(2.2) million in 2025 compared to \$(0.2) million in 2024, driven by the timing of tax credit recoveries in Brazil.

Investing Activities

Net cash used in investing activities was \$(16.2) million for the year ended December 31, 2025, compared to \$(45.7) million for the year ended December 31, 2024, a reduction of \$29.5 million. The decrease reflects a deliberate phasing of construction expenditures at the Project to preserve liquidity while the DFC Facility — which closed in March 2026 — was being finalized. Despite the lower pace of spending, the Project continued to advance materially, with construction in progress growing from \$418.7 million at December 31, 2024 to \$531.9 million at December 31, 2025. Capital expenditures remain the sole driver of investing cash outflows in both periods, underscoring the Company's development stage profile.

Financing Activities

Net cash used in financing was \$2.4 million for the year ended December 31, 2025 versus net cash provided of \$182.1 million for the year ended December 31, 2024. \$184.8 million of debt and equity proceeds were received in the year ended December 31, 2024 while no financing proceeds were received in the year ended December 31, 2025.

Effect of Exchange Rate Changes on Cash

The effect of foreign exchange movements on cash and cash equivalents was \$(60.3) million for the year ended December 31, 2025, compared to a positive effect of \$92.0 million for the year ended December 31, 2024. Because we hold a significant portion of our cash in BRL, and SVRE's reporting currency is the U.S. dollar, movements in the BRL/USD exchange rate have a direct impact on the reported U.S. dollar value of cash and cash equivalents.

In 2025, the appreciation of the BRL against the U.S. dollar resulted in a significant reduction in the U.S. dollar equivalent of BRL-denominated cash balances. This line item is expected to remain material and volatile as long as SVRE maintains significant BRL-denominated cash balances.

Debt and Financing Obligations

The following summarizes SVRE's material financing obligations as of December 31, 2025:

OMF Credit Agreement

On October 21, 2021, the Company entered into a credit agreement with OMF Fund II (BC) Ltd. and affiliated lenders (the "OMF Credit Agreement"), establishing a senior secured non-revolving facility that accrues interest at 9% per annum plus the greater of (i) 3 months SOFR plus 26.161 basis points and (ii) 2%, per annum. In 2025, the OMF Credit Agreement was amended to extend the maturity date to December 31, 2029, as well as the annual rate was modified to 10%, plus the greater of (i) three-month SOFR and (ii) 2% per annum. As of December 31, 2025, the outstanding balance under the OMF Credit Agreement, including accrued interest, was \$107.3 million. Interest accrued under the OMF Credit Agreement has been added to the principal balance. The OMF Credit Agreement is secured by the assets of the Company and its subsidiaries. The outstanding balance of the OMF Credit Agreement was fully repaid on March 6, 2026 with proceeds from the DFC Facility.

OMF Royalty Agreement

On October 21, 2021, the Company entered into a royalty rights agreement (as amended, the “OMF Royalty Agreement”) with OMF Fund II (F) Ltd. (who subsequently transferred all of its rights, title, liabilities, obligations and interests under the OMF Royalty Agreement to OMF Fund III (Cr) Ltd.) and TMF Canada Inc., as collateral agent. The OMF Royalty Agreement provides for the sale of royalties’ rights, over future cash flows originated from sale or other disposal of products extracted and recovered from the Project in exchange for a payment of US\$ 40,000 in two tranches. The Royalty Rate on each tranche is 2.625%, subject to a decrease upon certain milestones to 2.375%. As of December 31, 2025, the total OMF Royalty Agreement liability was \$73.0 million, of which \$5.8 million is classified as current and \$67.3 million is classified as non-current.

OMF Class A Preferred Shares Liability

The Company’s Class A preferred shares are classified as a financial liability on the balance sheet. As of December 31, 2025, the Class A preferred shares liability had a carrying value of \$45.4 million. The Class A preferred shares accrue dividends/interest at a rate of 10% per annum, and the mandatory redemption date has been extended to December 31, 2029. The Class A preferred shares were redeemed on March 6, 2026 with proceeds from the DFC Facility. Together with the settlement in full of the OMF Credit Agreement, SVRE’s obligations — representing an aggregate carrying value of approximately \$152.7 million as of December 31, 2025 — were extinguished. These transactions represent a significant change in SVRE’s capital structure and debt obligations following the balance sheet date.

Former Caterpillar Supplier Financing

During 2025, SVRE settled in full its outstanding obligations under an equipment financing arrangement with Caterpillar Financial Services. Accordingly, the balance outstanding under this arrangement was zero as of December 31, 2025.

Refer to Note 24 to the Consolidated Financial Statements and “Recent Developments” above for information regarding financial obligations entered by SVRE subsequent to December 31, 2025.

Capital Expenditures

Capital expenditures during the year ended December 31, 2025 consisted primarily of continued construction of the Project, as reflected in the growth of construction in progress from \$418.7 million at December 31, 2024 to \$531.9 million at December 31, 2025. Total property, equipment and other tangible assets, net, were \$559.5 million as of December 31, 2025, compared to \$444.9 million as of December 31, 2024. We expect to continue making significant capital expenditures as we complete construction of the Project. The quantum and timing of future capital expenditures will depend on Project progress, construction costs, and the availability of funding under the DFC Facility and other financing arrangements. The DFC Facility, providing for up to \$565.0 million in borrowings, has been structured to fund the remaining capital requirements to bring the Project to commercial production, which we currently expect to occur in 2027. We cannot guarantee that the Project will be completed on time or on budget, or that the financing provided by the DFC Facility will be sufficient to fund all remaining capital requirements.

Critical Accounting Estimates

Our Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles. The preparation of these Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected. We consider an accounting judgment, estimate or assumption to be critical when (i) the estimate or assumption is complex in nature or requires a high degree of judgment and (ii) the use of different judgments, estimates and assumptions could have a material impact on our Consolidated Financial Statements. Our significant accounting policies are described in Note 3, “Significant Accounting Policies,” in the notes to the Consolidated Financial Statements. Our critical accounting estimates are described below.

Inventories

All inventories are carried at the lower of cost or net realizable value. Net realizable value represents the estimated selling price of the product in the ordinary course of business based on current and long-term metals market prices, less reasonably predictable costs of completion, disposal, and transportation.

We evaluate the carrying amount of inventory each reporting period, considering recent and expected metals market prices, forecasted production levels, and other relevant factors. This evaluation requires significant judgment, particularly given the pre-commercial production stage of our operations, during which production costs and market price fluctuations can materially affect the net realizable value of our products.

Although considerable effort is made to ensure the accuracy of our forecasts, any significant unfavorable changes in commodity prices, demand, or cost assumptions could have a material negative impact on the value of our inventories and our results of operations. We may continue to incur write-downs of our inventories until such time that we achieve commercial production at anticipated throughput levels.

See Note 4, “Inventories,” in the notes to the Consolidated Financial Statements for further information.

Mineral Properties and Mine Development

We capitalize mine development costs upon completion of a final feasibility study, when it has been determined that a mineral property can be economically developed. Capitalized mine development costs are amortized using the units-of-production method over the estimated life of the ore body, based on recoverable minerals to be mined from proven and probable mineral reserves.

This method requires significant judgment and estimation, including the assessment of the quantity and quality of proven and probable mineral reserves, expected future production rates, and the total estimated costs to develop and extract those reserves. Reserve estimates are inherently uncertain and are based on geological data, engineering assessments, commodity price assumptions, and operating cost projections.

Changes in reserve estimates are recognized prospectively and could materially affect the amortization rate and the carrying value of our mineral properties. Any significant revision to our reserve estimates, production assumptions, or the assessed economic viability of the project could result in material adjustments to our financial statements.

See Note 6, “Property and Equipment, net,” in the notes to the Consolidated Financial Statements for further information.”

Asset Retirement Obligations (“ARO”)

We recognize asset retirement obligations for estimated costs of legally and regulatory required closure, dismantlement, and reclamation activities associated with our mining operations, including general mine closure, drainage, residue dump, facilities decommissioning, and environmental rehabilitation.

In determining fair value, management makes estimates based on the expected timing of closure activities, the estimated cost of such activities as determined with the assistance of an independent engineering contractor, and a risk-free discount rate reflecting current market assessments of the time value of money. The ARO liability is subsequently increased each period through accretion expense to reflect the passage of time.

Although we base our estimates on independent engineering assessments and reevaluate our estimated timing and cash flows regularly, the inherent uncertainty in predicting future closure costs, regulatory requirements, and the long-term nature of our mining operations means these estimates are subjective and may vary over time.

See Note 14, “Asset Retirement Obligations,” in the notes to the Consolidated Financial Statements for further information.

Private Placement Warrant Liability

Our private placement warrants are classified as liabilities and remeasured at fair value at each reporting date, with changes in fair value recognized in the Consolidated Statements of Operations. The fair value is determined using a Monte Carlo simulation model, which is classified as a Level 3 measurement within the fair value hierarchy, as it relies on significant unobservable inputs.

The model incorporates key assumptions including the Company's share price, expected volatility, risk-free interest rate, expected term, and management's estimates of the probability and timing of a Triggering Event — defined as a Public Offering, Investor Qualified Sale, or Company Sale. The warrants are only exercisable upon the occurrence of such a Triggering Event, and the timing of that event is modeled using a Poisson distribution based on management's judgment.

Expected volatility is estimated based on the historical volatility of a select group of peer companies, and the risk-free rate is derived from the Brazilian Treasury zero-coupon yield curve for a maturity consistent with the expected remaining life of the warrants. Given the reliance on significant unobservable inputs, changes in assumptions — particularly with respect to share price volatility, the risk-free rate, and the estimated probability and timing of a Triggering Event — could result in material fluctuations in the fair value of the warrant liability and the related gains or losses recognized in our Consolidated Statements of Operations.

See Note 16, "Private Placement Warrant Liability," in the notes to the Consolidated Financial Statements for further information.

Royalty Agreement

The royalty agreement is accounted for as a debt instrument in accordance with ASC 470 — Debt (Sales of Future Revenues), and is measured using the effective interest method. Under this method, the carrying value of the royalty liability is determined based on the present value of estimated future royalty payments over the life of the agreement.

Because the royalty is perpetual and based on a percentage of future product revenues, the measurement of the liability requires significant judgment and estimation, including assumptions regarding future production volumes, the timing of commercial production, long-term commodity prices, and the applicable discount rate. The expected timing of the commencement of minimum annual royalty payments, which are triggered after the first product sale, also requires management judgment and directly affects the measurement of the liability.

These estimates are reviewed at each reporting period, and changes in estimated future cash flows are recognized prospectively through an adjustment to the effective interest rate. Given the long-term and perpetual nature of the royalty obligation, changes in production, pricing, or timing assumptions could have a material impact on the carrying value of the royalty liability and the related interest expense recognized in our Consolidated Statements of Operations.

See Note 11, "Royalty Agreement," in the notes to the Consolidated Financial Statements for further information.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rate Risk

We will generate revenue primarily in U.S. dollars. However, our operations are conducted in Brazil, and we incur a significant portion of our operating costs in BRL, including labor, local reagents, utilities, and other site-level expenditures. We are therefore exposed to fluctuations in the BRL/USD exchange rate. A strengthening of the BRL relative to the USD would increase our operating costs in USD terms, which could adversely affect our margins and results of operations. We also incur costs and obligations denominated in Swiss Francs ("CHF"). Fluctuations in the CHF/USD exchange rate may affect the USD cost of these obligations. We use certain hedging instruments to manage our exposure to foreign currency risk. To the extent our foreign currency exposures become more material, we may enter into additional hedging transactions to manage our exposure to fluctuations in foreign currency exchange rates. The economic impact of currency exchange rate movements is often linked to variability in real growth, inflation, interest rates, governmental actions, and other factors. We continue to evaluate the need for additional currency-specific protections as our business and the market evolve.

Interest Rate Risk

DFC Loan Facility

On January 21, 2026, we entered into the DFC Facility. The DFC Facility bears interest at variable rates exposing us to interest rate risk. An increase in prevailing interest rates could increase our interest expense and adversely affect our cash flows and results of operations.

Cash Equivalents and Short-Term Investments

Our cash equivalents and short-term investments are subject to market risk due to changes in interest rates. Fixed-rate securities may have their market value adversely affected by a rise in interest rates. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates, or we may suffer losses in principal if we are forced to sell securities that have declined in market value. We have not historically entered into investments for trading or speculative purposes.

Commodity Price Risk

Our results of operations depend in significant part upon the market prices of REEs, and particularly the prices of the four magnetic REEs — neodymium (Nd), praseodymium (Pr), dysprosium (Dy), and terbium (Tb) — which together with yttrium (Y) represent the most significant portion of the economic value of our primary commercial product, MREC. Our MREC is an intermediate REE product produced from our ionic clay deposit in the municipality of Minaçu, Goiás, Brazil, and contains all four magnetic REEs at commercially meaningful grades. MREC is not quoted on any major commodities market or exchange. Product attributes vary significantly across producers, and pricing for Nd, Pr, Dy, and Tb contained in MREC is primarily benchmarked against prices for corresponding separated oxides. We expect demand for these four REEs to continue to grow, driven by the global energy transition and increasing adoption of permanent magnet motors in electric vehicles, wind turbines, robotics, and aerospace and defense applications. However, actual demand and pricing may fluctuate for numerous reasons beyond our control, including supply from other producers, new mineral discoveries, technological changes that may increase or reduce reliance on magnetic REEs for permanent magnets, shifts in demand, and actions by governments. Supply and demand dynamics for other oxides and their applications might also affect our economics.

SVRE has entered into the Offtake Agreement, which is expected to significantly mitigate the risks of commodity price fluctuations associated with our magnetic REE products by guaranteeing minimum prices of \$110 per kg for Nd and Pr, \$550 per kg for Dy, and \$2,050/kg for Tb oxide equivalents sold under the Offtake Agreement. This arrangement is expected to allow SVRE to realize a more stable effective price for its magnetic REE products, with limited exposure to price declines. The Offtake Agreement covers 100% of SVRE's qualifying magnetic REE output, as well as other REEs under certain circumstances, providing a meaningful measure of certainty with respect to our medium- and longer-term cash flows.

MREC is an intermediate product and we do not currently produce separated oxides at commercial scale. The realized price for our MREC is therefore derived from the blended value of its constituent REE fractions, and is subject to discounts applied relative to the price of the separated products by adjusting for separation costs and recovery yields. As we evaluate downstream processing options, including potential separation capabilities, our exposure to individual REE commodity prices may evolve.

The reagents used in our ion exchange circuit are commodity inputs subject to price volatility caused by supply conditions, weather, transportation costs, and other unpredictable factors. We have not historically used options or swap contracts to manage commodity price volatility related to reagent inputs. When possible, we seek to limit our exposure by entering into long-term supply contracts and negotiating price increase limitations.

We rely on power supplied under a Power Purchase Agreement ("PPA"). There are two nearby hydroelectric plants in the Tocantins River basin. Hydroelectric availability is subject to rainfall and drought risk. While our PPA provides pre-agreed pricing, any disruption to power supply could require us to source power from alternative, more expensive sources. Such price fluctuations may cause volatility in our results of operations and cash flows in the future.

GOVERNMENT SUPPORT AND FINANCING

USAR and SVRE are party to, or expect to enter into, the following government-related financing and offtake arrangements, each of which is relevant to the consummation of the Merger.

The Retained Finance Agreement

On January 21, 2026, SVRE entered into a Finance Agreement with the DFC, which was amended on March 5, 2026 (as further amended from time to time, the “Retained Finance Agreement”). The Retained Finance Agreement provides SVRE with a long-term debt financing to support the debottlenecking and optimization of its rare earth mining and processing operations in an aggregate committed amount not to exceed \$565 million, consisting of (i) an initial loan tranche with a principal amount not to exceed \$465 million and (ii) a second loan tranche with a principal amount not to exceed \$100 million (the “Incremental Loan”). As of March 31, 2026, the aggregate outstanding principal amount of indebtedness of SVRE and its subsidiaries under the Retained Finance Agreement was approximately \$325 million. The Incremental Loan is required to be fully disbursed prior to the closing of the Merger.

In connection with the Retained Finance Agreement, upon the disbursement of the Incremental Loan the DFC will hold warrants to purchase ordinary shares of SVRE, which warrants will be automatically exercised immediately prior to the closing. As a condition to the disbursement of the Incremental Loan, SVRE and the DFC will enter into a side letter (the “DFC Side Letter”) pursuant to which the DFC will have the right to nominate (i) a director to the board of directors of Merger Sub, and (ii) an observer to attend all meetings of the board of directors of Merger Sub, which appointments, if made, are conditions to USAR’s obligation to complete the Merger.

The transactions contemplated by the Merger Agreement require certain consents, amendments or waivers under the Retained Finance Agreement, including (i) the release of the SVRE securityholders from an equitable share mortgage granted in favor of the DFC over certain SVRE shares, and (ii) the consent from the DFC to permit the transactions contemplated by the Merger Agreement under the Retained Finance Agreement. As a condition to providing such consents, the DFC may require the surviving company to assume SVRE’s obligations under the Retained Finance Agreement and to maintain or re-create the related security interests. At this time, the DFC has not requested that USAR nor any of its subsidiaries (other than Merger Sub and its subsidiaries) provide guarantees, pledges, purchase rights or other credit support in connection with such consents.

The Offtake Agreement and Related Call Option Agreement

On April 20, 2026, SV Management Switzerland AG (“SV Management Switzerland”), a subsidiary of SVRE, entered into an offtake agreement with a special purpose vehicle capitalized by the U.S. government and private capital sources (the “Counterparty”) (as amended from time to time, the “Offtake Agreement”) for the long-term supply of rare earth materials produced by SVRE.

The Offtake Agreement contemplates the sale and purchase of 100% of the rare earth payable products produced by SVRE from the first phase of operations at the Pela Ema project, subject to limited carve-outs. SVRE’s obligation to deliver the full annual contract quantity is contingent on the full disbursement of the Incremental Loan by an agreed date; if the Incremental Loan is not so disbursed, SVRE’s delivery obligation reduces from 100% to 75% of the first phase of operations at the Pela Ema project. The Offtake Agreement provides for a term ending on the earlier of (i) the date on which deliveries by SV Management Switzerland equal the rare earth products produced from 198,000,000 metric tons of run-of-mine ore and (ii) the date that is 20 years after the date on which SVRE’s facility becomes capable of producing the contemplated products (the “Commercial Operations Date”), with mutually agreed extensions subject to the consent of the U.S. government. The purchase price for the principal payable rare earth elements is determined on the basis of contractual floor prices, escalated by 2% annually, with 70% of the excess of the prevailing market index price over the applicable floor price payable to SV Management Switzerland and certain cost savings and yield variances allocated 70% to SV Management Switzerland and 30% to the Counterparty. Prior to the Commercial Operations Date, SV Management Switzerland is required to offer to the counterparty all rare earth products available for sale, and the Counterparty is obligated to purchase such products subject to agreement on the terms and conditions for such sale. The commencement of deliveries under the Offtake Agreement is subject to the satisfaction or waiver of certain conditions precedent by an agreed long-stop date, June 12, 2026, including the execution of the Call Option Agreement, the receipt by the Counterparty of specified financial support from the U.S. government, confirmation that the Retained Finance Agreement is in place and confirmation by the U.S. government that SVRE is not owned or controlled by restricted persons; if the conditions precedent are not satisfied or waived by such date, either party may terminate the Offtake Agreement without liability.

In connection with the Offtake Agreement, SVRE, the SVRE securityholders and the Counterparty have agreed to enter into a related call option agreement, to be dated on or before the closing date (as amended from time to time, the “Call Option Agreement”).

Pursuant to the Call Option Agreement, upon the occurrence of certain specified triggering events, including, among others, the insolvency or bankruptcy of SV Management Switzerland or its mining subsidiary (subject to a carve-out where certain U.S. government entities are lenders), the voluntary cessation of all or substantially all of the mining operations at the project site for 60 or more consecutive days, breaches by SV Management Switzerland of certain obligations under the Offtake Agreement (including the change of control and assignment provisions), and events of default under new approved lender financing documents, the Counterparty shall have the option to purchase all (but not less than all) of the equity interests in SVRE held by each SVRE securityholder party to the Call Option Agreement. The purchase price would be equal to the fair market value of the equity interests, as determined by a panel of three independent experts. The Call Option Agreement restricts transfers of SVRE equity interests by the SVRE securityholders to certain third parties without the Counterparty’s prior written consent and automatically terminates upon the earliest of (i) the closing of the sale of equity interests thereunder, (ii) with respect to any SVRE securityholder party, the date on which such shareholder no longer holds any equity interests in SVRE due to a permitted transfer, or (iii) the termination of the Offtake Agreement, subject to a 180-day survival period if the Offtake Agreement is terminated by the Counterparty following a fundamental seller default. The consummation of the Merger requires the receipt of certain consents, amendments or waivers under each of the Offtake Agreement and the Call Option Agreement, including the release of the SVRE securityholders from the Call Option Agreement. It is anticipated that neither USAR nor any of its subsidiaries (other than Merger Sub and its subsidiaries) will be required to provide guarantees, pledges, purchase rights or other credit support in connection with such consents.

The Parent Loan Agreement

On January 26, 2026, USAR entered into a letter of intent with the U.S. Department of Commerce (the “DOC”) setting forth the principal terms on which USAR expects to enter into a long-term financing package with the DOC to support the development of USAR’s domestic rare earth and magnet supply chain, including the Round Top Mountain heavy rare earth elements deposit and USAR’s Stillwater magnet manufacturing facility. The financing is intended to reimburse USAR for capital expenditures incurred in connection with such development. The letter of intent contemplates that USAR and the DOC will enter into (i) a direct funding agreement among USAR, the subsidiary guarantors party thereto from time to time and the DOC, (ii) a loan guarantee agreement among USAR, the subsidiary guarantors party thereto from time to time and the DOC and (iii) a note purchase agreement among USAR, the Federal Financing Bank and the Secretary of Commerce (collectively, the “Parent Loan Agreement”).

The Parent Loan Agreement had not been entered into as of the date of the Merger Agreement. USAR expects to enter into the Parent Loan Agreement on terms consistent with the letter of intent prior to the closing of the Merger; however, the completion of the Parent Loan Agreement is subject to conditions precedent and final government approvals outside USAR’s control, and there can be no assurance that the Parent Loan Agreement will be entered into on the anticipated terms, on the anticipated timeline, or at all. If the Parent Loan Agreement has been entered into prior to the closing, the consummation of the Merger requires the receipt of any consents, amendments or waivers required thereunder in connection with the transactions contemplated by the Merger Agreement.

The Royalty Agreements

SVRE is party to two royalty agreements with affiliates of Orion Mine Finance: (i) an amended and restated royalty agreement dated as of July 11, 2022, among SVRE, as grantor, the other royalty parties named therein, OMF Fund III (CR) Ltd., as royalty holder, and TMF Canada Inc., as collateral agent (as amended, supplemented and/or otherwise modified from time to time, the “Non-Buyback Royalty Agreement”), and (ii) a royalty agreement (buyback) dated as of August 15, 2023, among SVRE, as grantor, the other royalty parties named therein, OMF Fund III (F) Ltd. (“OMF F”), as royalty holder, and TMF Canada Inc., as collateral agent (as amended, supplemented and/or otherwise modified from time to time, the “Buyback Royalty Agreement” and, together with the Non-Buyback Royalty Agreement, the “Royalty Agreements”). Under the Royalty Agreements, SVRE has granted to the applicable royalty holders a perpetual royalty interest at a royalty rate of 5.25% (in the aggregate) in respect of all products extracted and recovered from the Serra Verde rare earths projects located in Brazil.

In connection with the transactions contemplated by the Merger Agreement, the parties to the Royalty Agreements amended each Royalty Agreement to, among other things, add a definition of “Permitted Transaction” to permit the Merger, exempt the Merger from the general prohibition on Transfers, and add USAR to the schedule of additional holders. As a condition to providing such amendments to the Royalty Agreements, Orion Mine Finance will require the surviving company to assume SVRE’s obligations under the Royalty Agreements and to maintain or re-create the related security interests.

Concurrently with the execution of the Merger Agreement, SVRE and OMF F entered into a payout letter to the side letter, dated as of March 5, 2026, between SVRE and OMF F (the “Orion Side Letter”), which provided OMF F a right to receive a Post-Optimal Redemption Payment (as defined under the Orion Side Letter). Pursuant to such payout letter, OMF F confirmed that once the Post-Optimal Redemption Payment is received, SVRE’s obligation under the Orion Side Letter will be satisfied.

Audited Financial Statements of SVRE Holdings Ltd.

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Audited Consolidated Financial Statements for SVRE Holdings Ltd.
for the Years Ended December 31, 2025 and 2024

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Report of Independent Auditors

To the Board of Directors

Opinion

We have audited the accompanying consolidated financial statements of SVRE Holdings Ltd. and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive loss, of changes in stockholders’ equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.

Goiânia – GO, Brazil
May 12, 2026

Consolidated balance sheets

As of December 31, 2025 and 2024

All amounts in thousands of US dollars (except share and per share data)

	Note	2025	2024
Assets			
Current assets:			
Cash and cash equivalents		2,556	79,162
Accounts receivable		80	6
Other receivables		—	124
Inventories	4	18,566	14,854
Recoverable taxes		2,881	718
Other current assets	5	1,455	2,241
Total current assets		25,538	97,105
Non-current assets:			
Property and equipment, net	6	559,528	444,876
Intangible assets		7	6
Right-of-use assets		1,170	1,739
Deferred financing costs	10.3	4,031	—
Other non-current assets		160	163
Total non-current assets		564,896	446,784
Total assets		590,434	543,889
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	7	17,081	12,021
Related parties		—	170
Salaries and social charges	8	6,378	5,420
Taxes payable		1,029	1,158
Loans and financing	10.1	—	343
Current portion of long-term leases		960	1,074
Royalty agreement	11	5,769	156
Other current liabilities		809	1,122
Total current liabilities		32,026	21,464
Non-current liabilities:			
Class A preferred shares	12	45,377	41,109
Royalty agreement	11	67,258	55,302
Credit agreement	10.2	107,262	93,007
Asset retirement obligations	14	4,423	3,721
Long-term leases, less current portion		324	760
Provision for contingencies	13	1,449	45
Private placement warrants liability	16	8,625	973
Total non-current liabilities		234,718	194,917
Total liabilities		266,744	216,381
Stockholder's equity			
	18		
Ordinary shares – 96,714,286 – issued outstanding, without par values.		—	—
Class A ordinary shares – 96,714,285.71 – issued outstanding, without par values.		—	—
Additional paid capital		614,383	606,134
Accumulated other comprehensive loss		(31,111)	(37,576)
Accumulated deficit		(259,582)	(241,050)
Total stockholder's equity		323,690	327,508
Total liabilities and stockholder's equity		590,434	543,889

The accompanying notes are an integral part of these consolidated financial statements.

SVRE Holdings Ltd.

Consolidated statements of operations

For the years ended December 31, 2025 and 2024

All amounts in thousands of US dollars, except per share amount

	Note	2025	2024
Revenue	19	2,486	214
Costs of sales		(36,105)	(53,673)
Total gross margin		(33,619)	(53,459)
General and administrative expenses	20	(25,803)	(25,772)
Other expenses, net		(1,440)	(104)
Total operating expenses		(27,243)	(25,876)
Operating loss		(60,862)	(79,335)
Financial income	21	2,671	3,119
Financial expenses	21	(9,873)	(1,285)
Foreign currency exchange, net		49,532	(93,651)
Loss before income taxes		(18,532)	(171,152)
Deferred tax income	15	—	9,943
Net loss		(18,532)	(161,209)
Net loss per share attributable to SVRE Holdings Ltd.			
Basic and diluted loss per share		(0.10)	(1.25)
Weighted-average shares outstanding:			
Basic and diluted		193,428,571.42	128,149,622.22

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive loss
For the years ended December 31, 2025 and 2024
All amounts in thousands of U.S. dollars

	2025	2024
Net loss	(18,532)	(161,209)
Other comprehensive loss		
Foreign currency translation adjustment	6,465	(24,509)
Total comprehensive loss	(12,067)	(185,718)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars

	Ordinary shares		Class ordinary shares		Class B ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholder's equity
	Quantity	Amount	Quantity	Amount	Quantity	Amount				
Balance as of January 01, 2024	111,428,571.42	—	—	—	—	—	441,554	(79,841)	(13,067)	348,646
Capital contribution, net of issuance cost		—	48,000,000.00	—	3,928,571.43	—	144,344	—	—	144,344
Conversion of shares	(14,714,285.71)		48,714,285.71		(3,928,571.43)	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	7,436	—	—	7,436
Dividend in kind	—	—	—	—	—	—	12,800	—	—	12,800
Net loss	—	—	—	—	—	—	—	(161,209)	—	(161,209)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(24,509)	(24,509)
Balance as of December 31, 2024	96,714,285.71	—	96,714,285.71	—	—	—	606,134	(241,050)	(37,576)	327,508
Share-based compensation	—	—	—	—	—	—	8,249	—	—	8,249
Net loss	—	—	—	—	—	—	—	(18,532)	—	(18,532)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	6,465	6,465
Balance as of December 31, 2025	96,714,285.71	—	96,714,285.71	—	—	—	614,383	(259,582)	(31,111)	323,690

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars

	Note	2025	2024
Cash flows from operating activities:			
Net loss		(18,532)	(161,209)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		1,790	2,082
Depreciation of right of use assets		1,041	1,138
Provision for contingencies	13	1,398	(1,909)
Sundry interest incurred		898	666
Accretion expense – ARO	14	278	223
Deferred taxes	15	—	(9,943)
Deferred financing costs		(4,031)	—
Gain (loss) on fair value change in private placement warrants liability	16	7,652	(2,637)
Inventory impairment	4	33,774	47,818
Disposal of property, plant and equipment		(177)	
Share-based compensation		8,249	7,436
Changes in operating assets and liabilities			
Recoverable taxes		(2,163)	(173)
Inventories	4	(28,541)	(63,204)
Other current assets	5	789	(64)
Accounts receivable		(74)	(6)
Other receivables		124	(124)
Accounts payable and accrued expenses	7	424	(8,555)
Salaries and social charges	8	(390)	173
Taxes payable		(129)	(713)
Net cash used in operating activities		2,380	(189,001)
Cash flows from investing activities:			
Acquisition of property and equipment		(16,220)	(45,678)
Intangible assets		—	2
Net cash used in investing activities		(16,220)	(45,676)
Cash flows from financing activities:			
Capital contributions	18	—	144,344
Lease payments		(1,233)	(1,138)
Proceeds of credit agreement net of issuance costs	10.2	—	39,982
Royalty payments	11	(95)	(9)
Payment of principal suppliers financing	10.1	(343)	(683)
Payment of interest cost overrun commitment	10.2	(700)	(364)
Payment of interest	10.1	(7)	(43)
Net cash used in financing activities		(2,378)	182,089
Exchange rate difference on cash and cash equivalents		(60,388)	92,049
Net increase (decrease) in cash and cash equivalents		(76,606)	39,461
Cash and cash equivalents at beginning of year		79,162	39,701
Cash and cash equivalents at end of year		2,556	79,162

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

1 Description of the organization and business operations (development)

SVRE Holdings Ltd., a British Virgin Islands (“BVI”) company limited by shares incorporated on December 21, 2018, collectively with its subsidiaries (the “Company”, “SVRE”, “we”, “our” or “us”) are developing Pela Ema (the “Project”), one of the largest known ionic-clay Rare Earth Element (“REE”) deposit outside of Asia.

The Project is located in Minaçu, an established mining area in central Brazil in the state of Goiás, a traditional mining district with well-developed and mature infrastructure, including roads and highway systems with easy access to oceanic ports, telecommunications, services, labor, and an abundant water supply. SVRE has access to a workforce from the nearby town of Minaçu and mine operations are close to existing transport, renewable power, water and other infrastructure. The Project also benefits from a large, long-life deposit containing an elevated proportion of high value heavy and light REEs, including neodymium (Nd), praseodymium (Pr), terbium (Tb) and dysprosium (Dy), that are key to permanent magnet production as well as applications in the automotive, energy, aerospace and defense, robotics, healthcare, and other critical industries.

SVRE has secured all permits required for the Project, which is designed to produce a Mixed Rare Earth Carbonate (“MREC”). As of December 31, 2025, the Project remains in the development stage and has not yet achieved the milestones necessary to be considered operational. We are currently implementing an expansion and optimization project that we expect will result in higher production capacity, a sustained lower operating cost profile and enhanced product quality. We expect to complete construction and commence commercial operations in 2027.

2 Presentation of the consolidated financial statements

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). These consolidated financial statements comprise the financial statements of the Company. These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for a period of one year after the date the financial statements are issued or are available to be issued.

Management believes that the going concern assumption is appropriate for these financial statements based on its continuing ability to raise financings through equity and debt issuances, including financial support obtained from its stockholders until the Company achieves production and sales levels that allow it to fund operations without the need for financings.

(b) Functional and presentation currency

The United States Dollar (U.S. dollar) is the functional currency of the Company. The functional currencies of the Company’s international subsidiaries are the local currency of the country in which the subsidiary is located. For US GAAP purposes, the Company has elected to use the U.S. dollar as its reporting currency, as it believes such presentation is more meaningful to readers. These consolidated financial statements are presented in U.S. dollar, except where otherwise indicated.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

2 Presentation of the consolidated financial statements (cont.)

(c) Use of judgement, estimates and assumptions

The preparation of the consolidated financial statements, in conformity with US GAAP requires management to make estimates, assumptions and judgments that affect reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from such estimates. Estimates where there is potential risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of property and equipment, the recoverability of the carrying value of property and equipment, fair value measurements for financial instruments, discount rates for leases, the recoverability and fair value of financial instruments and measurement of deferred tax assets and contingent liabilities.

On an ongoing basis, the Company bases its estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances. The Company reassesses these estimates on a regular basis; however, actual results could differ from these estimates.

(d) Principles of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements as of the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. Intergroup balances and transactions and any revenues and expenses arising from intergroup transactions have been eliminated in preparing the consolidated financial statements.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments, with an original maturity of three months or less and with immaterial risk of change in value, with the objective of meeting short-term commitments.

(b) Fair value of financial instruments

The Group accounts for certain assets and liabilities at fair value. The Group follows the guidance of Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement ("ASC 820") and ASC Topic 825, Financial Instruments ("ASC 825"). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A reporting entity shall disclose either in the body of the financial statements or in the accompanying notes, the fair value of financial instruments and the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3).

The three levels of inputs are:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(c) Inventories

Inventories are stated at the lower of weighted average cost or net realizable value, in accordance with ASC 330. Net realizable value represents the estimated future sales price of the product based on current and long-term metals prices, less the estimated costs to complete production and bring the product to sale. The Company evaluates inventory for impairment when events or changes in circumstances indicate that net realizable value may be below carrying cost, including changes in metals market prices. Write-downs (or “impairment”) of inventories to net realizable value are reported as a component of “cost of goods sold” in the consolidated statement of operations. Under ASC 330, once inventory is written down to its net realizable value, the reduced carrying amount becomes the new cost basis and may not be subsequently written back up, even in the event of a recovery in market prices.

The major classifications are as follows:

Stockpiles

Stockpiles represent ore that has been extracted from the mine and are available for further processing. Mine sequencing may result in mining material at a faster rate than can be processed. Costs are added to stockpiles based on current mining costs incurred including applicable overhead and depreciation and amortization relating to mining operations and removed at each stockpile’s average cost per recoverable unit as material is processed.

In-process Inventory

In-process inventories represent material that is currently in the process of being converted to a saleable product. In-process inventories are valued at the lower of the cost of the material fed into the process attributable to the source material coming from the mines, stockpiles, plus the in-process conversion costs, including applicable amortization relating to the process facilities incurred to that point in the process or net realizable value.

Concentrate Inventory

Concentrate inventories represent MREC available for shipment or in transit for further processing when the sales process has not been completed. The Company values concentrate inventory at the lower of cost or net realizable value. Costs are added and removed to the concentrate inventory based on grades in the concentrate, including an allocable portion of support costs and amortization.

Materials and Supplies

Materials and supplies are valued at the lower of cost or net realizable value. Cost includes applicable taxes and freight.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)**(d) Property and equipment, net**

Property and equipment include machinery, equipment, furniture, offices equipment, software license, leasehold improvements and are stated at cost less accumulated depreciation.

An item of property and equipment is derecognized upon disposal or when there are no future economic benefits resulting from its continuing use. Any gain or loss arising on the disposal or de-recognition of an item of property and equipment is determined as the difference between sales proceeds and the net carrying amount of the asset and is recognized in the statement of operations.

Depreciation is calculated on a straight-line basis at the rates described below, which take into account the estimated useful lives of the assets. The estimated useful lives of fixed assets in the current and prior year are as follows:

Machinery and equipment	14 years
Furniture and office equipment	11 years
Computers	5 years
Vehicles	5 years
Software	10 years

Construction in progress is not depreciated. Estimated useful lives, the estimated residual values, and depreciation methods are reviewed at the end of each year, and the effects of any changes in estimates are recorded prospectively. Assets held through finance lease are depreciated over their expected useful lives, pursuant to the terms and conditions of the lease agreement.

Asset Retirement Obligations

The Group has asset retirement obligations ("ARO") arising from regulatory requirements. The liability is initially measured at fair value and subsequently adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. When the provision is recognized, the corresponding cost is capitalized as part of property and equipment, and it is depreciated over the useful life of the related mining asset. Such provision reflects the estimated expenditures to be incurred in the future, mainly related to: (i) General closure; (ii) Additional mine drainage; (iii) Residue dump; (iv) Facilities closure; (v) Environmental monitoring/Rehabilitation and (vi) Programs/Actions (Social, Environmental, Water).

The long-term liability is discounted at present value using a risk-free interest rate that reflects current market assessments of the time value of money and the risks specific to the liability and is reduced by payments for mine closure and decommissioning of mining assets.

Judgment is required to determine key assumptions used on the asset retirement obligation measurement such as interest rate, cost of closure, useful life of the mining asset considering the current conditions of closure and the projected date of depletion of mine. Any changes in these assumptions may significantly impact the recorded provision. Therefore, the estimated costs for closure of the mining assets are deemed to be a critical accounting estimate and annually reviewed.

The Company measures changes in the ARO liability due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The increase in the carrying amount of the liability is recognized as an expense classified as an operating item in the consolidated statements of operations, hereinafter referred to as ARO accretion expense. The Company periodically reassesses the timing and amount of cash flows anticipated associated with the ARO and adjusts the fair value of the liability accordingly under the guidance in ASC 410-20.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

Asset Retirement Costs (“ARC”) were estimated by an independent and specialized engineering contractor hired by the Company.

Mineral Properties and Mine Development

As of December 31, 2025, the mine was in the Development Stage. The capitalization of mine development costs began when final feasibility study was completed. A Development Stage property is a property that has mineral reserves disclosed, but no material extraction.

Mine development costs include engineering and metallurgical studies, drilling, and other related costs to delineate an ore body, the removal of overburden to initially expose an ore body at open pit surface mines and the building of access ways, shafts, lateral access, drifts, ramps, and other infrastructure at underground mines. Mine development costs are amortized using the units-of-production method over the estimated life of the ore body, based on recoverable minerals to be mined from proven and probable reserves. Costs of exploration, carrying and retaining unproven mineral lease properties are expensed as incurred.

Drilling and related costs incurred at the Group’s operating mines are expensed as incurred in exploration, unless the Company can conclude with a high degree of confidence, prior to the commencement of a drilling program, that the drilling costs will result in the conversion of a mineralized material into proven and probable reserves. The Company’s assessment is based on the following factors: (i) results from previous drilling programs; (ii) results from geological models; (iii) results from a mine scoping study confirming economic viability of the resource; and (iv) preliminary estimates of mine inventory, ore grade, cash flow and life of mine. In addition, the Company must have all permitting and/or contractual requirements necessary to have the right to and/or control of the future benefit from the targeted ore body.

Pre stripping

In surface mining operations, entities may find it necessary to remove mine waste materials (overburden) to gain access to mineral ore deposits. This waste activity is known as ‘stripping’. During the development phase of the mine (before production begins), stripping costs are usually capitalized in property and equipment as part of the depreciable cost of building, developing, and constructing the mine. These capitalized costs will be depreciated or amortized on a systematic basis, usually by using the units of production method once the mine is considered operational.

Capitalized interest

The interest of loans that are directly attributable to the acquisition, construction or production of a qualified asset are part of the interest of such asset and, therefore, are capitalized. The remaining costs of loans are recognized as expenses for the period in which they are incurred, if applicable. Capitalization of the interest of loans is initiated when expenditures are incurred with the qualified asset and loan costs are incurred, and capitalization ceases when the qualified asset is ready for use or when construction or production of the asset is suspended for long periods.

(e) Impairment of Long-lived Assets

Long-lived non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, non-financial assets are tested for impairment as an individual asset, as part of an asset group or at the reporting unit (“RU”) level. An asset group is the lowest level for which there are identifiable cash flows (i.e. both cash inflows and cash outflows) that are largely independent of the net cash flows of other groups of assets. A RU is an operating segment or one level below an operating segment if certain conditions are met. Impairment tests for non-financial assets subject to depreciation or amortization are applied to individual assets if possible. If this is not possible, then these assets are tested for impairment at the asset group level. An impairment loss is recorded for non-financial assets only if the asset’s, or asset group’s, carrying amount exceeds its recoverable amount (i.e. the carrying amount is greater than the undiscounted cash flows of the asset or asset group). If the carrying amount is not recoverable, then the impairment loss is the difference between the carrying amount of the asset (asset group) and the fair value of the asset (asset group). An impairment loss for an asset group is allocated pro rata to the non-financial assets in the asset group. Impairment losses are recognized in the consolidated statements of operations (pre-operating costs).

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

(f) Provision for contingencies

The Company accrues loss contingencies when it is both probable that the Company will incur the loss and when it can reasonably estimate the amount of the loss or range of loss. The Company does not accrue for contingent losses that, in its judgment, are not considered probable. However, if the Company determines that a contingent loss is reasonably possible, the Company discloses the possible loss in the consolidated financial statements. Legal costs are expensed as incurred. See Note 13.

(g) Deferred income taxes

The Company accounts for deferred income taxes in accordance with ASC Topic 740, Income Taxes (“ASC 740”). ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates in the period of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

(h) Administrative expenses

Administrative expenses represent expenses incurred during the year and mainly comprise expenses of management compensation, salaries and charges for administrative personnel, legal and judicial expenses, professional fees and office supplies.

(i) Earnings per share

The Company computes the basic earnings (losses) per share by dividing the net income (loss) by the weighted average number of ordinary shares outstanding during the period. The Company computes the diluted earnings (losses) per share by dividing the net income (loss) by the weighted-average number of shares outstanding, inclusive of the impacts of each share that would have been outstanding assuming the issuance of common shares for all dilutive potential common shares outstanding during the reporting period, unless doing so would result in an anti-dilutive effect.

3 Summary of significant accounting policies (cont.)

(j) Foreign currency translation and transactions gain and losses

Translation into U.S. dollar (reporting currency) is made based on exchange rates effective at the end of the reporting period for the consolidated financial statement position accounts and on the average rates for profit or loss accounts, and historical rates for capital contributions, with translation gains and losses recognized in the statement of comprehensive loss and presented in “foreign currency translation adjustment” as part of consolidated statement of changes in stockholder’s equity.

Foreign currency transactions are translated into the U.S. dollar (“US\$”) using the exchange rates prevailing on the transaction or valuation dates when items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and from the translation at the exchange rates effective at the end of the reporting period, for monetary assets and liabilities in currencies other than the functional currency, are recorded in the consolidated statements of operations.

(k) Leases

The Company leases real estate, vehicles and equipment in noncancelable finance leases accounted for in accordance with ASC 842, Leases. Lease costs are presented in the consolidated statements of operations and consolidated statement of comprehensive loss as follows: (i) finance lease right-of-use (“ROU”) asset amortization in costs of sales, general and administrative expenses, and (ii) interest on finance lease liabilities in financial expense on the consolidated statements of operations and consolidated statement of comprehensive loss. At the inception of an arrangement, the Company determines whether the arrangement is, or contains, a lease. A contract is, or contains, a lease when there is a right to control the use of an identified asset for a period of time. A lease is a finance lease if one or more of the following criteria are met: (i) the lease transfers ownership of the asset by the end of the lease term, (ii) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (iii) the lease term is for the major part of the remaining useful life of the asset, (iv) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset, or (v) the asset is specialized in nature to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of the finance lease criteria noted above.

At lease commencement, the Company recognizes a ROU asset and lease liability for all leases. The Company adopted the following practical expedients:

- (i) the Company will not separate the lease component from the non-lease component for all asset classes. The Company has therefore not allocated consideration in a contract between lease and non-lease components; and
- (ii) the Company recognizes the payments on short-term leases (leases with terms at inception of 12 months or fewer) in general and administrative on the consolidated Statements of Operations and consolidated statements of comprehensive loss on a straight-line basis over the lease term.
- (iii) No outstanding lease payable is recognized on the consolidated balance sheets with respect to these leases.

A ROU asset is initially measured by adding the initial measurement of the lease liability, any lease payments made to the lessor at or before lease commencement, any initial direct costs incurred by the lessee, and subtracting any lease incentives received. The lease liability is initially measured at the present value of the minimum lease payments, discounted using the rate implicit in the lease or the Company’s incremental borrowing rate based on the original lease term. The rate implicit in the lease is used whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, the Company utilizes its incremental borrowing rate, which is the rate for a collateralized loan with the same term as the lease. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

Lease Expense

The Company recognizes the amortization of its finance lease-related ROU assets, including purchase options when it is reasonably certain to exercise the related purchase option, on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset as amortization expense. The Company recognizes its finance lease-related ROU assets' lease liability discount over the shorter of the lease term or useful life of the underlying asset as interest expense. Any variable lease payments are expensed as incurred.

(l) Warrant liability

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC Topic 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC Topic 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of judgment, is conducted at the time of warrant issuance and as of each subsequent reporting period end date while the warrants are outstanding. For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter.

The Company accounts for the warrants issued in connection with the Private Placement in accordance with the guidance contained in ASC 815 "Derivatives and Hedging" whereby under that provision the warrants do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, the Company classifies the warrant instrument as liability at fair value and adjusts the instrument to fair value at each reporting period. This liability will be re-measured at each balance sheet date until the warrants are exercised or expire, and any change in fair value will be recognized in the Company's statement of operations.

The fair value of warrants was estimated using an internal valuation model. The valuation model utilizes inputs and other assumptions and may not be reflective of the price at which they can be settled. Such warrant classification is also subject to re-evaluation at each reporting period. The fair value of the warrants initially was estimated using a Monte Carlo simulation approach.

(m) Dividend in kind

Dividend in kind is recorded using the guidance in ASC Topic 845, Nonmonetary Transactions ("ASC 845"), which is classified as a nonreciprocal transfer of nonmonetary assets and is accounted at fair value, if the fair value of the nonmonetary asset distributed is objectively measurable and would be clearly realizable to the distributing entity in an outright sale at or near the time of the distribution. The fair value of the asset received shall be used to measure the cost if it is clearer than the fair value of the asset surrendered. Similarly, a nonmonetary asset received in a nonreciprocal transfer shall be recorded at the fair value of the asset received. A transfer of a nonmonetary asset to a stockholder or to another entity in a nonreciprocal transfer shall be recorded at the fair value of the asset transferred and a gain or loss shall be recognized on the disposition of the asset. The Company recorded a fair value charge for stock dividends declared on preferred stock as a charge to additional paid-in capital when a retained earnings deficit exists by analogy to ASC 480-10-S99-2 (SAB Topic 3.C, Redeemable Preferred Stock). That guidance indicates that amortization of a discount to the redemption amount of preferred stock should be charged to additional paid-in capital in the absence of retained earnings.

3 Summary of significant accounting policies (cont.)

The dividend in kind issued in favor of the stockholders at fair value are recognized as a liability on the date of issuance.

For subsequent measurement, the fair value will be measured at each reporting period, and any changes in fair value recognized in retained earnings. Due to the fact that the Company had no retained earnings at recognition, the charge was recorded as a charge to additional paid-in capital, by analogy to ASC 480-10-S99-2 (SAB Topic 3.C, Redeemable Preferred Stock).

(n) Royalty

According to ASC Topic 470, Debt, Royalties are classified as a debt as the Company has significant continuing involvement in the generation of the cash flows until the extinguishment of the mining project. The debt will be amortized under the interest method through the effective rate determined by the Company considering the estimated future cash flows. The estimates are revisited by the Company at each reporting period. When the amount and timing of the estimated future cash flow change, the Company will apply the prospective approach method. In the prospective approach method, the Company will compute a new effective interest rate based on the current carrying value of the debt and the revisited estimated remaining cash flows. Changes in cash flows from previous estimates are included in future interest expense on a prospective basis.

(o) Debt issuance costs

Debt issuance costs represent incremental costs directly attributable to the issuance of the Group's debt arrangements. Debt issuance costs are capitalized and amortized to interest expense over the contractual term of the related debt using the effective interest method.

In accordance with ASC Topic 835, Interest ("ASC 835"), debt issuance costs related to recognized long-term debt are presented on the consolidated balance sheets as a direct deduction from the carrying amount of the related debt.

To the extent debt issuance costs are incurred in advance of the execution of the funding related debt arrangement, such amounts are recorded as Deferred financing costs on the consolidated balance sheets until the related debt is recognized, at which time the costs are reclassified to a direct deduction from the related debt. If it becomes probable that the related financing will not be completed, any deferred costs associated with the abandoned financing are expensed in the period such determination is made.

(p) Share-based compensation plans

The Company accounts for equity-based compensation in accordance with ASC 718, Compensation — Stock Compensation. Compensation cost is measured at grant-date fair value and recognized over the requisite service period as a charge to operating expenses, with corresponding credit to additional paid-in capital. The Company accounts for forfeitures as they occur.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

Stock Options are valued at grant date using the Monte Carlo option-pricing model, incorporating assumptions for expected term, expected volatility, risk-free interest rate, and dividend yield. Options are subject to service and performance conditions. Compensation cost is recognized on a graded-vesting basis over the requisite service period. For performance-condition tranches, compensation cost is recognized when achievement of the condition is probable, with cumulative adjustments recorded in the period of reassessment. Where the service inception date precedes the grant date, compensation cost is accrued from the service inception date using preliminary fair value estimates and adjusted to grant-date fair value once the grant date is established.

RSUs are valued at grant date based on the fair value of the Company's ordinary shares, as determined by the most recent arm's-length transactions. RSUs are subject to service conditions, and compensation cost is recognized on a straight-line basis over the requisite service period.

SARs are measured based on the fair value at the grant date. SARs are subject to service conditions, and compensation cost is recognized on a graded-vesting basis. SARs may be settled in cash or shares at the Company's discretion and are classified as equity awards, as the Company has no substantive obligation to settle in cash and has the intent and ability to deliver shares.

Modifications to awards are accounted for by measuring incremental fair value at the modification date. Any incremental cost is recognized immediately for vested awards or over the remaining service period for unvested awards. Total compensation cost recognized is never reduced below the original grant-date fair value.

Equity-based awards are granted by SVRE Holdings Ltd. to employees of its subsidiaries. In the standalone financial statements of the subsidiaries, compensation cost is recognized with a corresponding capital contribution from the parent. Forfeitures of SO, RSU and SARs are recognized in the period in which they occur, rather than estimated at the grant date.

(q) Revenue

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. Revenue is derived from sales of MREC under contracts with customers. Revenue is recognized at a point in time when control of the product transfers to the customer. Sales prices are determined based on contractual pricing formulas that consider the quantity and quality of rare earth oxides in each shipment and benchmark market prices. Sales are initially invoiced on a provisional basis and subsequently adjusted through a final invoice in accordance with the contractual pricing terms; accordingly, the transaction price includes variable consideration. The Company includes estimates of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty is resolved. Differences between provisional and final pricing are recognized as adjustments to revenue in the period in which the changes occur.

Customer advances received prior to the transfer of control are recorded as contract liabilities and recognized as revenue when control transfers to the customer.

(r) Recently issued accounting pronouncements

Recently Issued Accounting Pronouncements Adopted in 2025

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU provide for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2025 for nonpublic companies. Early adoption permitted in any annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. The Company adopted this pronouncement retrospectively.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

3 Summary of significant accounting policies (cont.)

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2024, the FASB issued ASU 2024-02, Codification Improvements — Amendments to Remove References to the Concepts Statements. The amendment in this ASU contains amendments to the ASC that remove references to various FASB Concepts Statements. This ASU is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements and disclosures.

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

In November 2024, the FASB issued ASU 2024-04, Debt — Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments. FASB issued this update to improve the relevance and consistency in application of the induced conversion guidance in Subtopic 470-20, Debt — Debt with Conversion and Other Options. The amendments in this update clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements and disclosures.

In January 2025, the FASB issued ASU 2025-01, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements and disclosures.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. This ASU provides a practical expedient for measuring credit losses on accounts receivable and contract assets. The guidance is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-12, Codification Improvements, which includes amendments intended to clarify and improve various aspects of the FASB Accounting Standards Codification. The guidance is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. The Company is evaluating the potential impact of this guidance on the consolidated financial statements and disclosures.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

4 Inventories

	2025	2024
Materials and supplies	7,444	6,469
Stockpiles	10,080	6,252
In-process inventory	116	139
Concentrate inventory	926	1,994
Total	18,566	14,854

During the fiscal year ended December 31, 2024, the Company recognized an inventory impairment charge of US\$47,818 related to its Concentrate inventory and In-process inventory. Based on metals market prices, the net realizable value of these inventories was determined to be below their carrying cost. Accordingly, the carrying value of the Concentrate and In-process inventory was reduced to net realizable value, and the reduction was recognized in the consolidated statement of operations under cost of sales.

During the fiscal year ended December 31, 2025, the Company recognized an inventory valuation loss of US\$ 33,774 related primarily to Concentrate inventory.

5 Other assets

	2025	2024
Prepaid expenses	1,455	2,241
Judicial deposits	160	163
Total	1,615	2,404
Current	1,455	2,241
Non-current	160	163

6 Property and equipment, net

As of December 31, 2025 and December 31, 2024 the Company's property and equipment consisted of the following:

	Useful Life (in years)	2025	2024
Machinery and equipment	14	12,633	11,299
Furniture and office equipment	11	1,278	1,164
Computers	5	1,678	1,572
Vehicles	5	168	150
Software	10	1,721	1,557
Construction in progress		531,929	418,652
Mineral properties and mine development		14,020	12,458
Others	9	3,513	2,895
Property and equipment		566,940	449,747
Accumulated depreciation and amortization		(7,412)	(4,871)
Property and equipment, net		559,528	444,876

Construction in progress includes costs incurred in the implementation of the industrial plant and its related infrastructure for US\$ 349,310 and equipment under installation costs of US\$ 104,339. These assets will be placed in service and depreciated upon completion of construction, installation, and certification.

No impairment losses were recognized on long-lived assets during the years ended December 31, 2025 and 2024.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

7 Accounts payable and accrued expenses

	2025	2024
Suppliers	10,281	6,816
Accrued expenses	6,757	5,167
Contractual retentions	43	38
Total	17,081	12,021

8 Salaries and social charges

	2025	2024
Provisions ⁽¹⁾	5,530	4,141
Social Charges	848	1,279
Total	6,378	5,420

(1) Provisions for performance incentive awards, such as bonus.

9 Financial instruments measured at fair value

The Company's financial instruments measured at fair value consist of private placement warrants classified as Level 3 in the fair value hierarchy. There were no transfers between levels in the fair value hierarchy during 2025 and 2024. See Note 16.

10 Loans and financing**10.1 Suppliers Financing Caterpillar**

In 2021, the Company signed a supplier financing agreement with Banco Caterpillar S.A. in the amount of US\$ 2,735, with an annual interest rate of 5.45%. The agreement provides for payment of principal and interest on a quarterly basis in 16 consecutive installments, with the last installment paid in December 2025. The purpose of this agreement is to finance purchase of trucks and other equipment from the Caterpillar Group.

	2025	2024
Opening balance	343	1,029
(+) Accrued interest	7	40
(-) Payment of principal	(343)	(683)
(-) Interest paid	(7)	(43)
Closing balance	—	343
Current	—	343
Non-current	—	—

10.2 Credit Agreement

In October 2021, SVRE entered into a senior secured, non-revolving credit facility (the "Credit Agreement") with OMF FUND III (F) Ltd.. Following the most recent amendment to the Credit Agreement on October 18, 2024, the facility provides a total committed amount of US\$ 80,000, with contractual maturity scheduled for December 31, 2029. The facility allows borrowings in multiple tranches of up to US\$ 20,000 each. Borrowings under the facility bear interest at an annual rate of 10%, plus the greater of (i) three-month SOFR and (ii) 2% per annum. Additionally, the agreement also provides that up to US\$ 35,000 ("Cost Overrun Commitment") shall be advanced by way of one or more Cost Overrun Advances, with interest at an annual rate of 11% plus the greater of (i) three-month SOFR and (ii) 2% per annum.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

10 Loans and financing (cont.)

The first borrowing of US\$ 40,000 was funded in September 2023, net of US\$ 654 in debt issuance costs, a second borrowing of US\$ 40,000 was funded in February 2024, net of US\$ 18 in additional issuance costs. The Company may capitalize interest payments into the loan principal, at its option, through December 31, 2026.

As of December 31, 2025 and 2024, the Company had fully drawn the initial commitment under the facility.

	2025	2024
Opening balance	93,007	40,878
(+) Addition	—	40,000
(-) Debt issuance costs	—	(18)
(+) Accrued interest	14,255	12,147
Closing balance	107,262	93,007
Current	—	—
Non-Current	107,262	93,007

In accordance with ASC 835, debt issuance costs are presented as an adjustment to the carrying amount of the related liability in the consolidated balance sheets. As of December 31, 2025, debt issuance costs amounted to US\$ 0 (zero), and as of December 31, 2024, they amounted to US\$ 18.

Under the facility agreement, The Company is required to pay a commitment fee to OMF FUND III (F) Ltd. equal to 2% per annum of the undrawn portion of the Cost Overrun Commitment, payable quarterly in arrears.

	2025	2024
Opening balance	—	—
(+) Accrued interest	700	364
(-) Payments	(700)	(364)
Closing balance	—	—

Prior to the latest amendment, (i) the contractual maturity date was April 30, 2026, and (ii) the interest rate structure differed from the current terms. The Company evaluated the modification in accordance with ASC 470-50 guidance. Based on this assessment, the Company determined that the changes to the contractual cash flows were not substantial and, therefore, did not meet the criteria for extinguishment accounting. Consequently, the amendment was accounted for as a modification of the existing debt.

10.3 Financing costs

As of December 31, 2025, the Company incurred certain third-party costs directly attributable to obtaining a financing arrangement that had not been executed or funded as of year-end. Accordingly, no related debt was recognized as of December 31, 2025. The Company accounts for such costs as follows:

Deferred financing cost

The Company capitalizes incremental costs directly attributable to obtaining the financing of US\$ 4,031 as of December 31, 2025. These costs are presented within Deferred financing cost in non-current assets on the consolidated balance sheets. Upon execution and funding of the related debt, the Company expects to present the associated debt issuance costs as a direct deduction from the carrying amount of the related debt in accordance with ASC 835-30 and amortize such costs to interest expense over the term of the related debt using the effective interest method. If the related financing is not completed, the Company will expense the deferred costs in the period in which the financing is abandoned or when it becomes probable that the financing will not be completed.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

10 Loans and financing (cont.)**Accrued financing costs**

The Company recognizes liabilities for third-party services incurred but not yet invoiced as of the reporting date when the Company has a present obligation and the amount is reasonably estimable. Accordingly, as of December 31, 2025, the Company recorded US\$2,340 in Accounts payable and accrued expenses for financing-related professional fees for services performed through year-end for which invoices had not yet been received.

11 Royalty agreement

On October 21, 2021, SVRE entered into a royalty rights agreement (“Royalty Agreement”) with OMF Fund III (F) Ltd. (the “Original Royalty Holder”) and TMF Canada Inc.. In consideration for a payment of US\$40,000 (the “Royalty Purchase Price”), the agreement granted the Original Royalty Holder a perpetual royalty over future cash flows from the sale or other disposal of products extracted from the Project. On February 23, 2023, the Original Royalty Holder assigned all of its rights and obligations under the Royalty Agreement to OMF Fund III (CR) Ltd., a company organized under the laws of the Cayman Islands.

The royalty rate was initially set at 4.75%, calculated and due quarterly in U.S. dollars, and subject to adjustment under the terms of this agreement. The Royalty Purchase Price was payable in two tranches. The first tranche of US\$ 20,000 (US\$ 17,784 net of transaction costs of US\$ 2,216) was received on October 25, 2021 and the second tranche of US\$ 20,000 (US\$ 19,673 net of transaction costs of US\$ 327) was received on September 29, 2023.

On August 15, 2023, the Royalty Agreement was amended to (i) split into two separate royalty agreements: the Buyback Royalty Agreement, under which SVRE held a buyback option, and the Non-Buyback Royalty Agreement, each with a royalty rate of 2.375% and (ii) require the Company to make an annual payment if actual royalty bearing sales fall below a specified percentage of forecasted sales for any 12-month period.

On October 18, 2024, the parties amended the royalty agreements to remove the buyback option of the Buyback Royalty Agreement and to increase the royalty rate of both agreements to 2.625%. The same amendment also postponed the commencement of the annual minimum payments to after the first actual sale following March 31, 2026. As of the date of issuance of these financial statements, no sales have been recorded by the Company subsequent to March 31, 2026.

The Company accounts for the Royalty Agreement as a debt instrument under ASC 470 — *Debt* (Sales of Future Revenues), because the Company retains significant continuing involvement in generating the cash flows that serve as the basis for the royalty payments to the royalty holder. The debt is measured using the effective interest method, and the estimates of future cash flows are reviewed each reporting period; changes in those estimates are recognized on a prospective basis.

	2025	2024
Opening balance	55,458	48,946
Royalty payments	(95)	(9)
Accrued interest	17,664	6,521
Closing balance	73,027	55,458
Current	5,769	156
Non-current	67,258	55,302

Notes to the consolidated financial statements
For the years ended December 31, 2025 and 2024
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11 Royalty agreement (cont.)

The following SVRE’s subsidiaries are Guarantors under both agreements: SVRE Marketing Ltd., Serra Verde International Trading Company SRL, Serra Verde Mining LLC, Serra Verde Mid Mining Holdings LLC and Serra Verde Pesquisa e Mineração Ltda. By amending agreements dated March 5, 2026, SV Management Switzerland AG and SVRE UK Limited were added as Guarantors under each agreement.

All shares and assets of the Company and its subsidiaries have been pledged as collateral for the Royalty Agreement, as amended.

12 Class A preferred shares

On October 21, 2021, the Company issued 1,000 Class A preferred shares to OMF for aggregate proceeds of US\$ 30,000. The instrument provides for cumulative cash remuneration at an annual fixed rate of 10%, which is recognized as interest expenses in the consolidated statements of operations.

The Class A Preferred Shares are mandatorily redeemable on a fixed date, December 31, 2029, as amended on October 18, 2024, and may be subject to acceleration upon the occurrence of certain specific events. The Company is unconditionally obligated to redeem the instrument for cash, and the remuneration is payable regardless of whether dividends are declared.

Based on these contractual terms, the Company determined that Class A Preferred Shares represent a mandatorily redeemable financial instrument with an unconditional obligation to transfer assets. Accordingly, the instrument is classified as a financial liability in accordance with ASC 480 and was initially recognized at fair value, which approximated the liquidation amount at the time of issuance. The conversion features included in the agreement were assessed and determined not to be substantive. As a result, the instrument does not qualify for equity or mezzanine classification. After initial recognition, the liability is measured at amortized cost, with the fixed 10% annual return recognized as interest expense over the term of the instrument.

Prior to the amendment executed on October 18, 2024, the mandatory redemption date was October 21, 2025. The Company evaluated the amendment in accordance with ASC 470 and concluded that the changes in contractual cash flow did not meet the criteria for debt extinguishment. Accordingly, the amendment was accounted for as a modification of the existing liability.

The carrying amount of the Class A Preferred Shares liability as of December 31, 2025 and 2024 is summarized below:

	2025	2024
Opening balance	41,109	37,233
(+) Annual interest of 10% incurred	4,268	3,876
Closing balance	45,377	41,109

Notes to the consolidated financial statements

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13 Provision for contingencies

	2025	2024
Opening balance	<u>45</u>	<u>2,499</u>
Additions	1,398	—
Reversal	—	(1,909)
Foreign currency translation adjustment	6	(545)
Closing balance	<u><u>1,449</u></u>	<u><u>45</u></u>

Contingent liabilities reasonable possible to occur, but not accrued, as of December 31, 2025, amounted US\$ 4,282 (US\$ 3,508 as of December 31, 2024).

14 Asset retirement obligations — ARO

The Company has ARO arising from regulatory requirements.

	2025	2024
Opening balance	<u>3,721</u>	<u>4,323</u>
(+/-) Accretion/reversal expense	—	134
(+) Interests incurred	278	223
(+/-) Foreign currency translation adjustment	424	(959)
Closing balance	<u><u>4,423</u></u>	<u><u>3,721</u></u>

15 Deferred tax

Significant components of the Income tax (expense) benefit on earnings from continuing operations were as follows:

	2025	2024
Deferred		
Domestic	—	—
Foreign	—	9,943
Total Deferred	<u><u>—</u></u>	<u><u>9,943</u></u>

Notes to the consolidated financial statements

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15 Deferred tax (cont.)

Net deferred tax assets (liabilities) as of December 31, 2025, and December 31, 2024 were comprised of the following:

	2025	2024
Deferred tax assets:		
Pre operational expenses	19,352	22,928
Impairment charges	5,041	8,149
Provision for interest	5,027	2,337
Management compensation	2,404	1,281
Accrued expenses	579	1,629
Provision for contingencies	493	15
Allowance for doubtful accounts	458	407
Other differences	2,604	1,635
Net operating losses	9,184	2,394
Total deferred tax assets	45,142	40,777
Valuation allowance	(38,237)	(18,978)
Deferred tax assets, net	6,905	21,799
Deferred tax liabilities:		
Foreign exchange	(6,905)	(21,799)
Total deferred tax liabilities	(6,905)	(21,799)
Deferred tax assets (liabilities), net	—	—

Effective tax rate:

	2025		2024	
Loss before income taxes	(10,769)		(171,152)	
Brazil's taxes at statutory rate (subsidiary)	3,661	34%	58,192	34%
Nondeductible/nontaxable items	(272)	(3)%	(1,248)	(1)%
Valuation allowance	(3,389)	(31)%	(56,943)	(33)%
Income tax expense – current and deferred	—	0%	—	0%
Effective tax rate – %	0%		0%	

As of December 31, 2025 and 2024, the Company has recognized deferred tax assets primarily related to deductible temporary differences and tax losses. However, due to the Company's history of cumulative losses and the uncertainty regarding the realization of these deferred tax assets, a valuation allowance has been recorded to offset the full amount of the deferred tax assets provisions.

The recognition of a valuation allowance is based on management's assessment that sufficient taxable income may not be available in the foreseeable future to utilize these assets. As a result, no deferred tax benefit has been recognized in the consolidated financial statements in 2025 and 2024. Management will continue to evaluate the need for a valuation allowance and will adjust it as necessary based on future taxable income projections and other relevant factors.

The decision was based on an assessment of the recognition criteria under applicable accounting standards. In particular, the Company considered uncertainties regarding the generation of sufficient taxable income in the near term, which is necessary to realize the tax benefits. Tax liabilities arising on a monthly basis will continue to be recognized as incurred. If future developments provide greater assurance regarding the generation of taxable income, the Company will reassess this position and may recognize deferred tax assets accordingly.

The Company only has operations internationally (mainly in Brazil, Switzerland and Uruguay). For the years ended December 31, 2025 and 2024, no income tax has been paid.

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16 Private placement Warrant liability

On December 29, 2022, the Company issued private placement warrants to Energy and Minerals Group (“EMG”) and Vision Blue Resources Limited (“VBR”) (collectively the “Investors”) in connection with the US\$ 150,000 equity investment. The Company agreed to issue and sell to each Investor the corresponding number of fully paid and nonassessable ordinary shares, without par value, of the Company at a price of US\$0.01 per warrant, along with 844,285.46 and 584,285.54 warrants to each of the Investors, respectively, duly authorized, validly issued, and free from all liens.

The warrants are subject to automatic exercise in full only upon the occurrence of a public offering, investor qualified sale or Company sale, each representing a Triggering Event. The warrants are not exercisable under any other circumstances. If no Triggering Event occurs, the warrants remain outstanding and do not provide the holders with any alternative exercise or settlement rights.

The warrants are classified as liabilities as they do not meet the criteria for equity classification. Accordingly, the warrant liabilities are measured at fair value, with changes in fair value recognized in the Consolidated statement of income.

The fair value of the warrant liabilities is classified within Level 3 of the fair value hierarchy under ASC 820, Fair Value Measurements. The Company estimates the fair value of the warrants using Monte Carlo simulation model, which incorporates significant inputs such as the Company’s share price, expected volatility, risk-free interest rate, expected term, and the estimated probability of the Triggering Event.

The Company estimates the volatility of its common stock based on historical volatility of select peer companies that matches the expected remaining life of the warrants. The risk-free interest rate is based on the Brazilian Treasury zero-coupon yield curve on the grant date for a maturity like the expected remaining life of the warrants. Under the terms of the amended warrant agreement in 2024, the warrants cannot be exercised in any manner other than upon the occurrence of a Triggering Event, and are not subject to any other exercise conditions. Maturity is modelled probabilistically based on the timing of potential triggering events (Public Offering, Investor Qualified Sale, or Company Sale). To estimate the timing uncertainty, a Poisson distribution is applied, using cumulative probabilities derived from management’s estimates of trigger-event likelihood. Each simulation run captures both the uncertainty in event timing and its effect on warranty value, aligning the financial valuation with realistic business assumptions and market conditions.

	2025	2024
Spot price	US\$ 9.08	US\$ 2.50
Strike price	US\$ 3.10	US\$ 3.10
Free Risk Rate (year)	5.57%	6.31%
Volatility (year)	41.11%	39.44%

The table below presents a roll forward of the private placement warrant liability:

	2025	2024
Opening balance	973	3,610
Gain (loss) on fair value change in private placement warrants liability	7,652	(2,637)
Closing balance	8,625	973

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17 Dividend in kind

On October 23, 2024, the Company entered into a new Investment Agreement among its stockholders — EMG, VB, and SVRE Rare Earths — which superseded all prior agreements between the parties. Under the amended terms, the obligation to accrue a dividend-in-kind (“DIK”) was removed, and the investors irrevocably waived their right to any future accruals. Concurrently, EMG and VB’s combined interest increased to 50% of the Company’s share capital, establishing joint control between the shareholder groups, and the Company completed a capital increase of US\$120,000 through the issuance of Class A ordinary shares.

The previously recognized DIK balance of US\$12,800 thousand was derecognized and reclassified to Additional Paid-in Capital. As the transaction occurred between the Company and its stockholders acting in their capacity as stockholders, it was accounted for as a capital transaction in accordance with ASC 505-10, with no gain or loss recognized in the Consolidated statement of operations. The DIK amount was absorbed into the recapitalization as an integral component of the consideration supporting the new 50% equity interest held by EMG and VB.

18 Stockholders’ Equity

Below is the Company’s stockholding structure on December 31, 2025 and December 31, 2024:

Stockholder	Class	Quantity	Interest (%)
Serra Verde Rare Earths Ltd.	Ordinary shares	96,714,285.71	50.00%
Energy and Minerals Group	Class A ordinary shares	47,991,785.71	24.81%
Vision Blue Resources Limited	Class A ordinary shares	48,722,500.00	25.19%
Total		193,428,571.42	100.00%

The capital contributions for the years ended December 31, 2025 and December 31, 2024 were US\$ 0 (zero) and US\$ 144,344 (US\$ 147,500, net of US\$ 3,156 cost of issuance of common shares), respectively, as follows:

- On May 28, June 17, July 18, August 30 and September 19, 2024, the Company received capital contributions totaling US\$ 27,500 from Serra Verde Rare Earths Ltd. This contribution was made through the issuance of 3,928,571.43 new Class B Ordinary Shares, without par value (the “Class B Ordinary Shares”).
- On October 23, 2024, the Company received an additional capital contribution totaling US\$ 120,000 from EMG and VB. As a result of this contribution, the Company ceased to be controlled by Serra Verde Rare Earths Ltd, a privately owned entity. This contribution was made through the issuance of 48,000,000 new Class A Ordinary Shares, without par value (the “Class A Ordinary Shares”). Furthermore, the 25,714,286 outstanding Ordinary Shares held by EMG and VB were converted into 48,714,285.71 Class A Ordinary Shares, at a conversion rate of 1.894 Ordinary Shares to 1 Class A Share. Additionally, the 3,928,571.43 outstanding Class B Ordinary Shares held by Serra Verde Rare Earths Ltd were converted into 11,000,000 Ordinary Shares, at a conversion rate of 2.8 Class B Shares to 1 Ordinary Share.

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18 Stockholders' Equity (cont.)

Following the 2024 capital contributions the Company has two classes of shares: Class A Ordinary Shares and Ordinary Shares. The Class A Ordinary Shares have distinct rights compared to the Company's Ordinary shares. These rights include priority over the ordinary shareholders in certain matters, including but not limited to distributions in a specific distribution waterfall.

The basic and diluted loss per share for the period ended December 31, 2025 and December 31, 2024, are presented at the same amount, as potentially dilutive instruments such as warranty, stock options, restricted share units, dividend in kind, and preferred class A shares, were not considered in the calculation, given that they are considered anti-dilutive in loss scenarios.

19 Revenue

Revenues for the years ended December 31, 2025 and 2024 were US\$ 2,486 and US\$ 214, respectively.

For the year ended December 31, 2025, one customer accounted for 90% of the Company's revenues. For the year ended December 31, 2024, a single customer accounted for substantially all of the Company's revenues.

20 General and administrative expenses

	2025	2024
Salaries and personnel expenses	(17,223)	(16,364)
Professional fees	(5,995)	(5,372)
Office and facilities costs	(558)	(635)
Taxes	(420)	(1,015)
Others	(1,607)	(2,386)
Total	(25,803)	(25,772)

21 Financial income and expenses

	2025	2024
Financial income		
Income from financial investments	2,671	482
Gain on fair value change in private placement warrants liability	—	2,637
Total financial income	2,671	3,119
Financial expenses		
Loss on fair value change in private placement warrants liability	(7,652)	—
Interests on loans and financing	(700)	(307)
Tax on financial transactions	(228)	(124)
Interest and penalties on overdue amounts	(479)	(297)
Accretion expense – ARO	(278)	(223)
Other income (expense)	(536)	(334)
Total financial expenses	(9,873)	(1,285)

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

22 Shared-based compensation

In October 2023, the Company's shareholders approved the Serra Verde Long Time Incentive Plan (the "LTIP"), which permits the Company to issue stock options, stock appreciation rights ("SARs") and restricted stock units ("RSUs"). The total compensation cost capitalized amount to US\$1,378 in 2025 and US\$918 in 2024.

Stock Appreciation Rights (SARs)

On October 17, 2023, the Company granted Stock Appreciation Rights (SARs) to certain employees. SARs are a form of equity-based compensation that entitles the holder to receive cash or stock, based on the appreciation in the value of a specified number of shares over a predetermined exercise price. The Company chooses whether cash or stock is paid with the expectation that payment will be in shares. The fair value of the SARs is determined at the grant date using a Monte Carlo simulation model. The significant assumptions used in the model include the expected term of the options, expected share price volatility, an expected dividend yield, and a risk-free interest rate based on government securities with a maturity consistent with the expected term. Upon settlement, the Company intends to issue shares to employees equal to the appreciation in the stock price over the exercise price. SARs are subject to tax withholding requirements. The SARs granted are subject to various vesting conditions and forfeiture provisions as outlined in the Company's compensation plans.

The assumptions used in determining the fair value of SARs are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Expected term	5.2 – 6.0	6.3 – 7.0	7.2
Expected volatility	39.44% – 48.18%	37.66% – 39.36%	38.27%
Expected dividend yield	—	—	—
Risk-free interest rate	4.96% – 6.57%	4.92% – 4.97%	6.52%

In December 2024, the original plan was modified, and a new share-based compensation plan was approved. Under the new plan, a total of 3,668,147 SARs were granted to employees, and the related compensation expense is expected to be recognized over a period of 6 years, as employees fulfill the requisite service conditions. The cancellation of the original plan resulted in a modification of the SARs granted under the previous plan. During 2025, additional grants of 16,130 SARs were made, bringing the total SARs granted to 3,684,277. As of December 31, 2025, 2,988,394 have vested and the total share-based compensation expense recognized is US\$ 3,173. The modification in 2024 has been accounted for under ASC 718, Compensation — Stock Compensation, as a Type I modification under ASC 718, as vesting was considered probable both before and after the modification.

	Number of SARs	Weighted- Average Grant Date Fair per SARs
Nonvested as of December 31, 2023	2,249,544	1.00
Granted	16,130	1.00
Vested	(995,756)	1.00
Nonvested as of December 31, 2024	1,269,918	1.00
Granted	16,130	2.30
Vested	(583,377)	1.05
Nonvested as of December 31, 2025	702,671	1.02

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

22 Shared-based compensation (cont.)

Restricted Stock Units (RSUs)

On October 17, 2023, the Company granted Restricted Stock Units (RSUs) to certain employees. RSUs are a form of equity-based compensation that represent the right to receive cash or shares of the Company's common stock upon vesting, subject to the condition that the beneficiary remains employed with the Company. The Company chooses whether the RSUs are settled in cash or shares. The fair value of the RSUs is determined based on the share price at the grant date and is recognized as compensation expense over the requisite service period. Upon vesting, the Company intends to issue shares of common stock to employees. The RSUs are subject to various vesting conditions and forfeiture provisions as disclosed in the Company's compensation plans.

In December 2024, the Company approved a modification of the original RSU plan and implemented a new share-based compensation plan. This modification included changes to the number of RSUs, vesting schedule, and other terms of the awards. Under the new plan, the total RSUs granted to employees are 2,220,464, with an extended vesting period of 6 years.

This modification has been accounted for under ASC 718, Compensation — Stock Compensation, as a Type I modification under ASC 718, as vesting was considered probable both before and after the modification. Although the fair value of the modified RSUs is lower than the fair value of the original awards, the modification did not result in a reduction of total compensation expense, as ASC 718 requires that the total compensation cost recognized be no less than the grant-date fair value of the original awards. The total compensation cost recognized reflects the original grant-date fair value as a minimum, with incremental compensation cost recognized over the extended vesting period where applicable. The impact of these RSUs on the financial position, cash flows, and results of operations is reflected in the financial statements for the year ended December 31, 2025 and 2024.

Total RSU stock-based compensation expense for the year ended December 31, 2025, was US\$ 1,680 (US\$ 2,508 for the year ended December 31, 2024).

	Number of RSUs	Weighted- Average Grant Date Fair per RSU
Nonvested as of December 31, 2023	2,220,464	2.5
Granted	16,130	2.5
Vested	(842,403)	2.5
Nonvested as of December 31, 2024	1,394,191	2.5
Granted	16,130	4.0
Vested	(365,803)	2.6
Nonvested as of December 31, 2025	1,044,518	2.5

Stock Options (SOs)

In December 2024, the Company granted Stock Options to certain employees. Stock Options are a form of equity-based compensation that grant employees the right to purchase shares of the Company's common stock upon vesting, subject to the condition that the beneficiary remains employed with the Company. The fair value of the Stock Options is determined at the grant date using a Monte Carlo simulation model. The significant assumptions used in the model include the expected term of the options, expected share price volatility, an expected dividend yield, and a risk-free interest rate based on government securities with a maturity consistent with the expected term. The resulting fair value is recognized as a compensation expense over the requisite service period. Upon vesting, employees may exercise their options to purchase shares of common stock at the predetermined exercise price.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

22 Shared-based compensation (cont.)

The Company has elected to use the graded vesting method for recognizing compensation expense related to the Stock Options. Under this method, compensation expense is recognized over the vesting period on a separate basis for each vesting portion of the award, which results in different expense amounts being recognized for each vesting tranche.

Upon vesting, employees may exercise their options to purchase shares of common stock at the predetermined exercise price. The Stock Options are subject to various vesting conditions, including both time-based and performance-based criteria, as disclosed in the Company's compensation plans. These vesting conditions are designed to align the interests of the employees with those of the Company's shareholders.

The assumptions used in determining the fair value of SOs are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Expected term	5.0 – 5.3	6.0
Expected volatility	48.18% – 49.37%	39.44%
Expected dividend yield	—	—
Risk-free interest rate	4.96% – 5.24%	6.57%

The Company granted 13,122,094 Stock Options to employees in 2025 and 2024. The compensation expense for these options is expected to be recognized on average over a period of 4 years as employees fulfill the requisite service and performance conditions.

	Number of Options	Average fair Value per Option
Nonvested as of December 31, 2023	—	—
Granted	12,782,414	1.00
Vested	(4,929,120)	1.00
Forfeited	(696,168)	1.00
Nonvested as of December 31, 2024	7,157,126	1.00
Granted	339,680	3.70
Vested	(3,298,953)	1.03
Forfeited	(609,375)	1.00
Nonvested as of December 31, 2025	3,588,478	1.23

Total Stock Options compensation expense recognized for the years ended December 31, 2025 and 2024, was US\$ 3,395 and US\$ 4,929, respectively. Forfeitures of Stock Options are recognized in the period in which they occur, rather than estimated at the grant date.

The weighted-average grant date fair value of Stock Options granted during the year ended December 31, 2025, was US\$ 1.03 per option. The weighted-average grant date fair value of Stock Options granted during the year ended December 31, 2024, was US\$ 1.00 per option.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

23 Related Party Transactions

During the years ended December 31, 2025 and 2024, the Company engaged MN Consultoria Empresarial Ltda., a consulting firm wholly owned by *an immediate family member* of the Company's Chief Operating Officer ("COO"), to provide business management consulting and advisory services, including financial planning and administrative support. The COO did not participate in the negotiation and was not the sole approver of the transaction. The terms of the engagement were based on standard commercial conditions and approved by the Audit Committee and the Board of Directors.

The Company paid approximately US\$ 256 in 2025 (US\$ 646 in 2024) for these services.

As of December 31, 2025, the Company has an outstanding payable balance of US\$ 0 (zero) (US\$ 170 as of December 31, 2024).

Consolidated balance sheets	2025	2024
Accounts payable and accrued expenses		
Suppliers	—	100
Accrued expenses	—	70
Total	—	170

24 Subsequent events

The Company has analyzed its operations subsequent to December 31, 2025, to May 11, 2026, the date these consolidated financial statements were approved, and has determined that it does not have any material subsequent events to disclose in these consolidated financial statements, except for the below:

Interim funding

On January 12, 2026, the Company entered into arrangements for interim funding under a cost overrun facility with certain shareholders (MVB Investment Holdings LLC, VB (Rare Earths) Limited, and EMG Fund V SVRE Holdings, LLC, collectively, the "Participants") and OMF FUND III (F) Ltd.. The arrangements contemplated up to US\$24,000 of interim funding from the Participants and up to \$8,000 from OMF FUND III (F) Ltd., subject to specific conditions. Amounts advanced mature on December 31, 2029 and interest is capitalized through maturity. The Company had received US\$18,000 of proceeds from the Participants (US\$12,000 in January 2026 and US\$6,000 in February 2026). No amounts had been funded by OMF FUND III (F) Ltd. as of that date. In connection with the Participants' funding, the Company issued 1,028,571 warrants to purchase ordinary shares at an exercise price of US\$ 0.01 per share (342,857 warrants issued to each Participant based on equal funding), with quantities determined at one warrant per US\$17.50 of principal amount funded, subject to the rounding mechanics in the warrant documentation. The warrants are exercisable upon specified triggering events (including a public offering or a company sale), subject to their terms.

Finance agreement with the DFC

On January 21, 2026, the Company entered into a finance agreement with the United States International Development Finance Corporation ("DFC") providing for a senior secured term loan facility in an aggregate principal amount not to exceed US\$565,000 comprised of (i) an initial tranche of up to US\$465,000 and (ii) an incremental tranche of up to US\$100,000 (together, the "Facility"). The Facility is expected to be available in up to six disbursements, subject to satisfaction of certain conditions. Annual interest accrues at a floating rate based on Term SOFR plus a 4.0% spread, and the Facility includes, among other items, a commitment fee on undisbursed amounts, a facility fee, and an annual maintenance fee. The term of the Facility is not to exceed twelve years from the first closing date, with principal repayable in quarterly sculpted installments through maturity. The obligations under the Facility are expected to be guaranteed pursuant to certain guaranty agreements and secured by first-priority liens on specified collateral (including pledged shares) under related security documents. The agreement also includes customary affirmative and negative covenants, reporting requirements, and events of default. In connection with the incremental tranche, the agreement contemplates issuance to DFC of a warrant to purchase ordinary shares representing up to 10% (and an additional 2% upon the incremental loan, on a fully diluted basis, subject to the terms of the warrant) at a nominal exercise price.

Notes to the consolidated financial statements

For the years ended December 31, 2025 and 2024

All amounts in thousands of U.S. dollars unless otherwise stated

24 Subsequent events (cont.)

Merger Agreement with USAR

On April 19, 2026, the Company entered into the Agreement and Plan of Merger (the “Merger Agreement”) with USA Rare Earth, Inc. (“USAR”), Middlebury Merger Sub Ltd., an indirect wholly owned subsidiary of USAR (“Merger Sub”) and Serra Verde Rare Earths Ltd., acting in the capacity of seller representative. Pursuant to the Merger Agreement, and subject to the satisfaction of customary closing conditions and receipt of required regulatory approvals, the Company will merge with and into Merger Sub, with Merger Sub surviving as a wholly owned subsidiary of USAR, which is expected to close in the third quarter of 2026.

The aggregate consideration to be received by the Company’s shareholders at closing consists of (i) US\$300,000 in cash and (ii) 126,849,307 common stocks of USAR. Based on USAR share price of US\$19.95 as of April 17, 2026, the implied total transaction value is approximately US\$2,800,000. Upon closing, the Company’s shareholders will own approximately 34% of USAR on a pro forma basis. Completion of the Merger is subject to certain closing conditions.

Upon closing, all outstanding warrants will be automatically exercised and converted into ordinary shares immediately prior to the Merger. All outstanding RSUs and SARs, whether vested or unvested, will accelerate in full and be cancelled in exchange for a pro rata portion of the merger consideration. Stock options not subject to performance conditions will be similarly cancelled on a cashless basis for merger consideration, while performance-vesting options held by continuing service providers will be substituted with USAR RSUs subject to continued service vesting. The Company’s equity incentive plan will be terminated at closing. No fractional shares will be issued.

The Merger Agreement contains customary reciprocal representations and warranties covering, among other matters, corporate organization, capitalization, financial statements, compliance with law, tax matters, and material contracts.

Offtake Agreement

On April 20, 2026, SV Management Switzerland AG (the “Seller”), a wholly owned subsidiary of the Company, entered into a long-term Offtake Agreement (the “Offtake Agreement”) with US SIIE, LLC (the “Buyer”), a special purpose vehicle capitalized by the U.S. government and private capital sources. The Offtake Agreement provides for the sale and purchase of 100% of Phase 1 production from the Company’s mine and processing facility in Brazil (the “Facility”), Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), and Terbium (Tb) in the form of mixed rare earth carbonate (collectively, the “Products”). The term of the Offtake Agreement will continue until the earlier to occur of: (i) the date the Seller has delivered the Products derived from 198,000,000 metric tons of run of mine ore; or (ii) the date that is 20 years after the Facility commences commercial operations. The terms of the Offtake Agreement include guaranteed minimum floor prices for each of Neodymium, Praseodymium, Dysprosium and Terbium, as well as mechanisms for shared upside. The SPV intends to resale the products to entities who will separate and process the products for sale to companies serving all end markets and applications.

Environmental

In March 2026, subsequent to the balance sheet date, the Company received notices of violation (“NOVs”) from the environmental regulatory authority, alleging non-compliance with certain environmental laws and regulations. The alleged violations include, among other matters, operation of facilities without the required environmental licenses, suppression of vegetation in protected areas, and unauthorized effluent discharges. The aggregate amount of administrative penalties proposed under the NOVs is approximately US\$2,644.

The Company has filed preliminary defenses and is currently engaged in administrative proceedings with the environmental authority to contest the assessments. Based on the information currently available and in consultation with external legal counsel, management has determined that an unfavorable outcome is neither probable nor reasonably estimable at this time. Accordingly, in accordance with ASC 450, Contingencies, no liability has been recognized in the accompanying consolidated financial statements, as the recognition criteria have not been met.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**Introduction**

The following unaudited pro forma condensed combined financial information is derived from the historical consolidated financial statements of USA Rare Earth, Inc. (“USAR” or the “Company”), and the historical consolidated financial statements of SVRE Holdings Ltd. (“SVRE”), and gives effect to (i) the Merger (as defined below), and (ii) the Private Placement (as defined below) (collectively, the “Pro Forma Transactions”).

On August 21, 2024, Inflection Point Acquisition Corp. II, a Cayman Islands exempted company (“IPXX”) entered into a Business Combination Agreement (as amended on November 12, 2024 and January 30, 2025, the “Business Combination Agreement”), by and among IPXX, USA Rare Earth, LLC, a Delaware limited liability company, and IPXX Merger Sub, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of IPXX. Pursuant to the Business Combination Agreement, IPXX Merger Sub, LLC merged with and into USA Rare Earth, LLC, with USA Rare Earth, LLC continuing as the surviving company, and IPXX changed its name to USA Rare Earth, Inc. On March 13, 2025, USAR consummated the previously announced merger contemplated by the Business Combination Agreement and USA Rare Earth, LLC became a direct wholly owned subsidiary of USAR. This transaction is already reflected in the USAR historical audited consolidated balance sheet as of December 31, 2025 and the historical statement of operations of IPXX from January 1, 2025 to March 12, 2025 is not material to the pro forma presentation of the Merger for the purpose of unaudited pro forma condensed combined statement of operations.

Merger

On April 19, 2026, USAR entered into a Merger Agreement by and among (i) USAR, (ii) Middlebury Merger Sub Ltd. (“Merger Sub”), (iii) SVRE, and (iv) Serra Verde Rare Earths Ltd. The Merger Agreement provides for the merger of SVRE with and into Merger Sub, with Merger Sub surviving such merger as an indirect, wholly owned subsidiary of USAR (the “Merger”), subject to the satisfaction or waiver of the conditions precedent to such closing. In the Merger, USAR will issue 126,849,307 shares of USAR’s common stock, par value \$0.0001 per share (“Common Stock”) and pay an aggregate of \$300 million of merger consideration.

Private Placement

On January 26, 2026, USAR, entered into a securities purchase agreement, for the private placement of 69,767,442 shares of USAR’s Common Stock, for aggregate gross proceeds of approximately \$1.5 billion, at a price per share of \$21.50 (the “Private Placement”). USAR closed the Private Placement and issued the shares of Common Stock on January 28, 2026.

Non-Binding Letter of Intent with U.S. Department of Commerce — Parent Loan Agreement

On January 26, 2026, USAR also entered into non-binding letters of intent with the U.S. Department of Commerce (the “DOC”) covering a total of approximately \$1.6 billion, including \$277.0 million in direct funding awards under the Creating Helpful Incentives to Produce Semiconductors and Science Act (the “CHIPS Act”), and \$1.3 billion in senior secured debt with a 15-year term with an expected rate of Treasury + 150 basis points (collectively, the “Expected U.S. Government Transaction”). Disbursement of the direct funding and debt proceeds to USAR is contingent upon USAR achieving certain project, financing and commercial milestones. The letter of intent for the Expected U.S. Government Transaction is non-binding and remains subject to negotiation and execution of definitive documentation (the “Definitive Agreements”), satisfaction of conditions precedent, and final government approvals. Considering that the Definitive Agreements are yet to be executed and requires USAR to make investments and take future actions to receive funds, no adjustments for the Expected U.S. Government Transactions have been included within the unaudited pro forma condensed combined financial information.

The Retained Finance Agreement

On January 21, 2026, SVRE entered into a Finance Agreement with the United States International Development Finance Corporation (the “DFC”), which was amended on March 5, 2026 (as further amended from time to time, the “Retained Finance Agreement”). The Retained Finance Agreement provides SVRE with long-term debt financing to support its rare earth mining and processing operations in an aggregate committed amount not to exceed \$565 million, consisting of (i) an initial loan tranche with a principal amount not to exceed \$465 million and (ii) a second loan tranche with a principal amount not to exceed \$100 million (the “Incremental Loan”). As of March 31, 2026, the aggregate outstanding principal amount of indebtedness of SVRE and its subsidiaries under the Retained Finance Agreement was approximately \$327 million. The Incremental Loan is required to be fully disbursed prior to the closing of the Merger. Adjustments for the Retained Finance Agreement have been included within the unaudited pro forma condensed combined financial statements.

The Offtake Agreement

On or about the date of the Merger Agreement, SV Management Switzerland AG (“SV Management Switzerland”), a subsidiary of SVRE, entered into an offtake agreement with a special purpose vehicle capitalized by the U.S. government, as well as private capital sources (the “Counterparty”) (as amended from time to time, the “Offtake Agreement”) for the long-term supply of rare earth materials produced by SVRE.

The Offtake Agreement provides for the sale of 100% of the rare earth products produced from phase one of the Pela Ema project, subject to limited carve-outs, although SVRE’s delivery obligation will be reduced to 75% of phase one production if the Incremental Loan is not fully disbursed by the agreed date. The agreement remains in effect until the earlier of specified production-based volume delivery thresholds and the date that is 20 years after the date on which SVRE’s facility becomes capable of producing the contemplated products (the “Commercial Operations Date”), unless extended with the consent of the U.S. government. Pricing is based on annually escalated contractual floor prices, with amounts above the applicable floor price, as well as certain cost savings and yield variances, allocated 70% to SV Management Switzerland and 30% to the Counterparty. Commencement of deliveries is subject to the satisfaction or waiver of specified conditions precedent by the agreed long-stop date, June 12, 2026, and either party may terminate the agreement without liability if such conditions are not satisfied or waived by that date. As it is considered probable that the Offtake Agreement will be executed prior to closing of the Merger, adjustments related to the Offtake agreement have been included within the unaudited pro forma condensed combined financial statements.

Presentation Periods

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the accompanying notes.

The unaudited pro forma condensed combined balance sheet as of December 31, 2025 combines the audited consolidated balance sheet of USAR as of December 31, 2025 with the audited consolidated balance sheet of SVRE as of December 31, 2025, giving effect to the Pro Forma Transactions as if they had been consummated on December 31, 2025.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 combines the audited consolidated statement of operations of USAR for the year ended December 31, 2025 with the audited consolidated statement of operations of SVRE for the year ended December 31, 2025, giving effect to the Pro Forma Transactions as if they had been consummated on January 1, 2025.

The unaudited pro forma condensed combined financial information was derived from, and should be read in conjunction with, the following historical financial statements and the accompanying notes:

- The historical audited consolidated financial statements of USAR as of and for the year ended December 31, 2025, as included in the Company’s Annual Report on Form 10-K filed with the SEC on March 30, 2026;
- The historical audited financial statements of SVRE as of and for the year ended December 31, 2025, included as Exhibit 99.3.

The unaudited pro forma condensed combined financial information should also be read together with other financial information included elsewhere in USAR's filings with the SEC.

Accounting for the Merger

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). USAR has been identified as an accounting acquirer for accounting purposes, and thus accounts for the Merger as a business combination in accordance with Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). Under the acquisition method of accounting, SVRE's assets and liabilities will be recorded at their respective fair values. Any difference between the purchase price for SVRE and the fair value of the identifiable net assets acquired (including intangibles) will be recorded as goodwill. The assets and liabilities of SVRE have been measured based on various preliminary estimates using assumptions that USAR's management believes are reasonable and based on currently available information. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing this unaudited pro forma condensed combined financial information.

Differences between these preliminary estimates and the final purchase accounting may occur, and the final purchase accounting could be materially different from the preliminary estimates used to prepare the accompanying unaudited pro forma condensed combined financial information and could have a material impact on the combined company's future results of operations and financial position.

Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information appearing below does not consider any potential effects of changes in market conditions on revenues or expense efficiencies, among other factors. In addition, as explained in more detail in the accompanying notes, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from what will be recorded upon completion of the final purchase price allocation.

The unaudited pro forma condensed combined financial information has been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial information. The pro forma adjustments reflect transaction accounting adjustments related to the Pro Forma Transactions, which are discussed in further detail below. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and do not purport to represent the combined company's consolidated results of operations or the consolidated financial position that would actually have occurred had the Merger been consummated on the dates assumed or to project the combined company's consolidated results of operations or consolidated financial position for any future date or period.

The accounting policies followed in preparing the unaudited pro forma condensed combined financial information are those used by USAR as set forth in the audited historical financial statements. The unaudited pro forma condensed combined financial information reflect any material adjustments known at this time to conform SVRE historical financial information to USAR's significant accounting policies based on the Company's initial review and understanding of SVRE's significant accounting policies. A more comprehensive comparison and assessment will occur, which may result in additional differences being identified. Additionally, USAR has included certain preliminary presentation adjustments for consistency in the financial statement presentation. See Notes 2 and 3 below for more information.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not reflect the costs of any integration activities or cost savings or synergies that may be achieved because of the Merger.

USAR and SVRE have not had any historical material relationship prior to the Merger. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2025
(in thousands)

	<u>USAR Historical</u>	<u>SVRE</u>	<u>Presentation Adjustments</u>	<u>Transaction Accounting Adjustments</u>	<u>Other Material Transactions</u>	<u>Pro Forma Combined</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ 359,925	\$ 2,556		\$ (300,000) (B)	\$ (45,377) (D)	\$ 1,658,851
					299,009 (E)	
					1,450,000 (F)	
					(107,262) (G)	
Accounts receivables	3,764	80				3,844
Inventories	18,535	18,566				37,101
Recoverable taxes	—	2,881				2,881
Prepaid expenses and other current assets	3,151	1,455				4,606
Total current assets	385,375	25,538	—	(300,000)	1,596,370	1,707,283
Property, plant and equipment, net						
	86,449	559,528	1,170 (A)	2,563,351 (B)		3,196,480
			(14,018) (A)			
Mineral interests	17,339	—	14,018 (A)			31,357
Goodwill	134,848	—		1,556,905 (B)		1,691,753
Other intangible assets, net	68,612	7		246,684 (B)		315,303
Equipment deposits	1,879	—	—	—	—	1,879
Operating lease right-of-use assets	321	—	—	—	—	321
Finance lease right-of-use assets	—	1,170	(1,170) (A)			—
Deferred financing costs	—	4,031				4,031
Other non-current assets	176	160				336
Total assets	\$ 694,999	\$ 590,434	\$ —	\$ 4,066,940	\$ 1,596,370	\$ 6,948,743
LIABILITIES, MEZZANINE AND STOCKHOLDER'S EQUITY						
Liabilities						
Current liabilities						
Accounts payable	\$ 11,069	\$ 17,081	\$ (6,757) (A)			\$ 21,393
Accrued liabilities	14,073	—	13,135 (A)	113,000 (C)		141,017
			809 (A)			
Contract liabilities	10,500	—				10,500
Notes payable	1,849	—				1,849
Salaries and social charges	—	6,378	(6,378) (A)			—
Taxes payable	—	1,029				1,029
Other current liabilities	—	809	(809) (A)			—
Royalty agreement	—	5,769				5,769
Finance leases, current	283	960				1,243
Operating leases, current	137	—	—			137
Total current liabilities	37,911	32,026	—	113,000	—	182,937

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2025 — (Continued)
(in thousands)

	USAR Historical	SVRE	Presentation Adjustments	Transaction Accounting Adjustments	Other Material Transactions	Pro Forma Combined
Class A preferred shares	—	45,377			(45,377) (D)	—
Royalty agreement	—	67,258		153,831 (B)		221,089
Credit agreement	—	107,262			299,009 (E)	299,009
					(107,262) (G)	
Asset retirement obligations	—	4,423				4,423
Deferred grants	8,200	—				8,200
Finance leases, non-current	592	324				916
Operating leases, non-current	185	—				185
Other liabilities	—	1,449				1,449
Earnout liabilities	108,671	—				108,671
Warrant liabilities	19,534	8,625		(8,625) (B)		19,534
Deferred tax liability	16,715	—		903,109 (B)		919,824
Total liabilities	<u>191,808</u>	<u>266,744</u>	<u>—</u>	<u>1,161,315</u>	<u>146,370</u>	<u>1,766,237</u>
Commitments and contingencies						
Mezzanine equity						
12% Series A Cumulative Convertible Preferred Stock	8,905	—	—	—	—	8,905
Total mezzanine equity	<u>8,905</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,905</u>
Stockholders' equity						
Common stock	15	—		127 (B)	7 (F)	149
Accumulated other comprehensive income (loss)	130	(31,111)		31,111 (B)		130
Additional paid-in capital	879,848	614,383		(614,383) (B)	1,449,993 (F)	5,672,029
				3,342,188 (B)		
Accumulated deficit	(387,360)	(259,582)		259,582 (B)		(500,360)
				(113,000) (C)		
Non-controlling interest	1,653	—				1,653
Total stockholders' equity	<u>494,286</u>	<u>323,690</u>	<u>—</u>	<u>2,905,625</u>	<u>1,450,000</u>	<u>5,173,601</u>
Total liabilities, mezzanine equity, and stockholder's equity	<u>\$ 694,999</u>	<u>\$ 590,434</u>	<u>\$ —</u>	<u>\$ 4,066,940</u>	<u>\$ 1,596,370</u>	<u>\$ 6,948,743</u>

Please refer to the notes to the unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2025
(in thousands except per share amounts)

	USAR Historical	SVRE	Presentation Adjustments	Transaction Accounting Adjustments	Other Material Transactions	Pro Forma Combined
Revenue	\$ 1,643	\$ 2,486				\$ 4,129
Cost of revenue	1,448	36,105				37,553
Gross profit	195	(33,619)	—	—	—	(33,424)
Operating expenses:						
Selling, general and administrative	43,135	25,803	278 (AA)	113,000 (CC)		195,346
				13,130 (DD)		
Research and development	15,885	—				15,885
Amortization of intangible assets	678	—				678
Other expenses, net	—	1,440				1,440
Total operating expenses	59,698	27,243	278	126,130	—	213,349
Loss from operations	(59,503)	(60,862)	(278)	(126,130)	—	(246,773)
Other expense, net						
Interest and dividend income	5,446	2,671				8,117
Loss on fair market value of financial instruments, net	(244,488)	—	(7,652) (AA)		7,652 (EE)	(244,488)
Interest expense and other income (loss), net	(139)	(9,873)	7,930 (AA)		4,268 (FF)	(26,422)
					(29,308) (GG)	
					700 (HH)	
Foreign currency exchange, net	—	49,532				49,532
Total other expense, net	(239,181)	42,330	278	—	(16,688)	(213,261)
Loss before taxes	(298,684)	(18,532)	—	(126,130)	(16,688)	(460,034)
Benefit from taxes	(160)	—				(160)
Net loss	(298,524)	(18,532)	—	(126,130)	(16,688)	(459,874)
Net loss attributable to non-controlling interest	(965)	—				(965)
Net loss attributable to USA Rare Earth, Inc.	\$ (297,559)	\$ (18,532)	\$ —	\$ (126,130)	\$ (16,688)	\$ (458,909)
Net loss per share attributable to USA Rare Earth, Inc.:						
Basic and diluted	\$ (3.31)	\$ (0.10)				\$ (1.65)
Number of shares used in per share calculations:						
Basic and diluted	98,021	193,429				294,638

Please refer to the notes to the unaudited pro forma condensed combined financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The pro forma adjustments have been prepared as if the Pro Forma Transactions had been consummated on December 31, 2025, in the case of the unaudited pro forma condensed combined balance sheet, and, in the case of the unaudited pro forma condensed combined statements of operations, as if the Pro Forma Transactions had been consummated on January 1, 2025, the beginning of the earliest period presented in the unaudited pro forma condensed combined statements of operations.

The unaudited pro forma condensed combined financial information has been prepared assuming the acquisition method of accounting in accordance with U.S. GAAP. Under this method, SVRE's assets and liabilities will be recorded at their respective fair values. Any difference between the purchase price for SVRE and the fair value of the identifiable net assets acquired (including intangibles) will be recorded as goodwill. The assets and liabilities of SVRE have been measured based on various preliminary estimates using assumptions that USAR's management believes are reasonable and based on currently available information. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing this unaudited pro forma condensed combined financial information.

The pro forma adjustments represent management's estimates based on information available as of May 13, 2026 and are subject to change as additional information becomes available and additional analyses are performed.

One-time direct and incremental transaction costs will be expensed as incurred under ASC 805.

USAR has performed a preliminary review to identify any accounting policy differences between the accounting policies used in SVRE's financial statements and those of the Company, where the impact was potentially material and could be reasonably estimated, with the Company identifying no such differences.

2. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 2025

The adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2025 are as follows:

- (A) Reflects reclassification adjustments to conform SVRE's historical balances to the financial statement presentation of USAR.
- (B) Reflects the purchase price allocation adjustments to record SVRE's identifiable assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The related statement of operations adjustments are reflected at adjustment (BB). Additionally, this adjustment reflects the recording of the preliminary estimate of goodwill and the elimination of the historical equity balances of SVRE.

Pursuant to ASC 805, the preliminary purchase price was allocated among the identified net assets to be acquired, based on a preliminary analysis. Goodwill is expected to be recognized as a result of the Merger, which represents the excess fair value of consideration over the fair value of the underlying net assets of SVRE. The deferred income taxes represent the deferred tax impact associated with the incremental differences in book and tax basis created from the preliminary purchase price allocation. Deferred taxes associated with estimated fair value adjustments were calculated using the statutory corporate tax rate in Brazil of 34%. The estimates of fair value are based upon preliminary valuation assumptions, and are believed to be reasonable, but are inherently uncertain and unpredictable. As a result, actual results may differ from estimates, and the difference may be material.

The following is a preliminary estimate of fair value of the assets acquired and the liabilities assumed by USAR in the Merger, reconciled to the estimated purchase consideration (in thousands):

Net Assets Identified	Preliminary Estimate of Fair Value
Cash and cash equivalents	\$ 2,556
Accounts receivable	80
Inventories	18,566
Recoverable taxes	2,881
Prepaid expenses and other current assets	1,455
Property, plant and equipment, net	3,122,879
Finance lease right-of-use assets	1,170
Other intangible assets, net ⁽¹⁾	246,691
Deferred financing costs	4,031
Other non-current assets	160
Accounts payable	(17,081)
Salaries and social charges	(6,378)
Taxes payable	(1,029)
Other current liabilities	(809)
Royalty agreement – current ⁽²⁾	(5,769)
Finance leases, current	(960)
Class A preferred shares	(45,377)
Royalty agreement – noncurrent ⁽²⁾	(221,089)
Credit agreement	(107,262)
Asset retirement obligations	(4,423)
Finance leases, current	(324)
Provision for labor risks	(1,449)
Deferred tax liabilities	(903,109)
Total net assets identified	\$ 2,058,410
Goodwill	1,556,905
Total purchase consideration	\$ 3,642,315
Value Conveyed	
Cash consideration ⁽³⁾	\$ 300,000
Equity consideration ⁽⁴⁾	3,339,942
Pre-combination expense for vested performance stock options ⁽⁵⁾	2,373
Total purchase consideration	\$ 3,642,315

(1) Other intangible assets is comprised of an Offtake Agreement. Although as of May 13, 2026 the definitive agreement for this Offtake Agreement has yet to be executed, the transaction is contingent on the execution of a definitive agreement and accordingly it is considered probable that the definitive agreement will be executed. The Offtake Agreement asset is expected to be amortized over a period of 20 years.

(2) This reflects an increase in the fair value of the liability for royalty payments due to an increase in estimated future cash payments. The increase in estimated future cash payments is primarily related to the anticipated impact of the Offtake Agreement.

(3) This amount represents cash consideration paid to SVRE's shareholders.

(4) Equity consideration is provided in the form of Common Stock of USAR and is calculated as 126,849,307 shares of USAR Common Stock to be issued to SVRE shareholders, multiplied by \$26.33, the closing share price of USAR on May 1, 2026.

The following table shows the effect of changes in USAR's share price and the resulting impact on the estimated purchase consideration, and estimated goodwill:

Change in Share Price of USAR	Share Price	Estimated Purchase Consideration (in thousands)	Estimated Goodwill (in thousands)
Increase of 25%	\$ 32.91	\$ 4,477,301	\$ 2,391,891
Decrease of 25%	19.75	2,807,330	721,920

(5) This reflects the pre-combination expense pertaining to options to purchase SVRE shares subject to performance-vesting conditions (the "Performance-Vesting Options") which will be substituted with USAR time-vesting restricted stock units.

(C) Reflects the impact of nonrecurring expenses related to estimated transaction costs, primarily comprised of investment banking fees, legal fees, issuance costs, accounting and audit fees, and other related advisory costs. No amount was incurred and accrued on the balance sheet as of December 31, 2025. The related income statement adjustment is reflected at adjustment (CC).

(D) Reflects the redemption of SVRE's Class A Preferred Shares pursuant to the side letter agreement, dated March 5, 2026, between SVRE and OMF Fund III (F) Ltd ("Orion"). The related income statement adjustment is reflected at adjustment (FF).

(E) Reflects the issuance of the long-term debt financing of SVRE pursuant to the Retained Finance Agreement in an aggregate principal amount of \$327 million, net of estimated debt discount and debt issuance costs of \$28 million. The related income statement adjustment is reflected at adjustment (GG).

(F) Reflects the issuance of USAR's Common Stock in an amount of \$1,450 million, net of issuance costs of \$50 million, as described in the section entitled "Private Placement".

(G) Reflects the repayment of the credit agreement dated October 21, 2021 by and among SVRE, OMF Fund II (BC) Ltd. and affiliated lenders that established a senior secured non-revolving facility (the "OMF Credit Agreement") with the proceeds from the Retained Finance Agreement. The related income statement adjustment is reflected at adjustment (HH).

3. Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2025

The adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 are as follows:

(AA) Reflects a reclassification adjustment to conform SVRE's historical expenses to the financial statement presentation of USAR.

(BB) Reflects the pro forma impacts related to the purchase price allocation discussed at adjustment (B). This includes the following impacts:

- *Amortization of other intangible assets* — Other intangible assets is comprised of an Offtake Agreement. As of May 13, 2026, the definitive agreement for this Offtake Agreement has yet to be executed, and delivery pursuant to the Offtake Agreement has not started. Accordingly, amortization of the Offtake Agreement had not commenced as of the pro forma transaction date and, therefore, no related amortization expense has been reflected.
- *Interest on royalty agreement* — No adjustment has been included for the anticipated increase in interest expense as the anticipated incremental interest expense related to the increase in estimated future cash payments will not be recognized until the Offtake Agreement is executed and as volumes are delivered pursuant to the agreement.

(CC) Reflects the recognition of nonrecurring expenses related to estimated transaction costs in the amount of \$113 million, which are primarily comprised of investment banking fees, legal fees, issuance costs, accounting and audit fees, and other related advisory costs. The related balance sheet adjustment is reflected at adjustment (C).

(DD) Reflects the recognition of post-combination stock-based compensation expense in the amount of \$13.1 million related to Performance-Vesting Options which will be substituted with USAR time-vesting restricted stock units.

(EE) Reflects the elimination of the recognized loss due to the change in fair value of warrant liability in an amount equal to \$7.7 million related to the private placement warrants issued by SVRE to its investors. These warrants will be settled through equity consideration to the holders pursuant to the Merger. The related balance sheet adjustment is reflected in adjustment (B).

(FF) Reflects the elimination of interest related to Class A Preferred Shares in an amount equal to \$4.3 million due to their redemption pursuant to the side letter agreement, dated March 5, 2026, between SVRE and Orion. The related balance sheet adjustment is reflected at adjustment (D).

(GG) Reflects estimated interest expense related to long-term debt financing of SVRE pursuant to the Retained Finance Agreement, as presented at adjustment (E), calculated using an estimated interest rate of Term SOFR plus 4%. This adjustment also includes the amortization of estimated debt discount and debt issuance costs of \$2.3 million. An increase or decrease of one-eighth of a percent in the interest rate would not result in a significant change in interest expense for the year ended December 31, 2025. The related balance sheet adjustment is reflected at adjustment (E).

(HH) Reflects the elimination of interest related to the OMF Credit Agreement in an amount equal to \$0.7 million due to their repayment. The related balance sheet adjustment is reflected at adjustment (G).

4. Unaudited Pro Forma Net Loss Per Share

The pro forma net loss per share calculations have been performed for the year ended December 31, 2025, assuming the Pro Forma Transactions had been consummated on January 1, 2025.

	For the Year Ended December 31, 2025
<i>(in thousands except per share amounts)</i>	
Numerator	
Pro forma net loss attributable to USA Rare Earth, Inc.	\$ (458,909)
Declared and deemed dividends, and interest accretion	(26,594)
Pro forma undistributed net loss attributable to USA Rare Earth, Inc.	<u>\$ (485,503)</u>
Denominator	
USAR pro forma weighted average number of common shares outstanding-basic	98,021
Add: Shares to be issued to SVRE shareholders in a Merger	126,849
Add: Shares to be issued in a private placement	69,747
Pro forma weighted average shares of common stock outstanding – basic & diluted	<u>294,638</u>
Pro forma net loss per share – basic & diluted	<u>\$ (1.65)</u>

The Company's potentially dilutive outstanding securities were excluded from the computation of pro forma diluted net loss per share because their effect would have been anti-dilutive.