

# USA Rare Earth, Inc. NasdaqGM:USAR

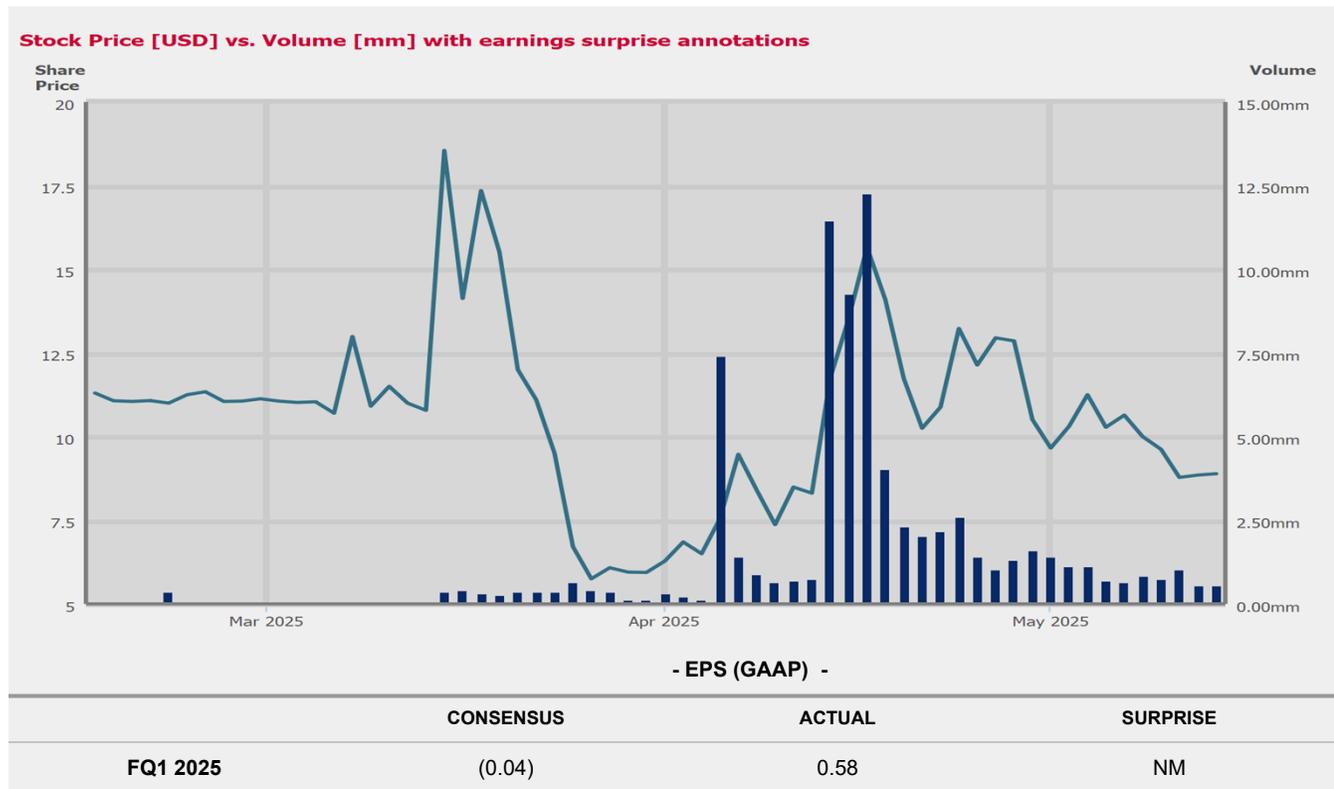
## FQ1 2025 Earnings Call Transcripts

**Wednesday, May 14, 2025 9:00 PM GMT**

S&P Global Market Intelligence Estimates

	-FQ1 2025-			-FQ2 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
<b>EPS (GAAP)</b>	(0.04)	0.58	NM	(0.06)	(0.23)	NA
<b>Revenue (mm)</b>	NA	NA	NA	NA	NA	NA

Currency: USD  
Consensus as of Feb-27-2025 11:21 AM GMT



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# Call Participants

## EXECUTIVES

**Joshua Ballard**

**Lionel C. McBee**

*Vice President of Investor Relations*

**William Robert Steele**

*Chief Financial Officer*

## ANALYSTS

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research  
Division*

**Michael Matheson**

**Suji Desilva**

*ROTH Capital Partners, LLC, Research  
Division*

# Presentation

## Operator

Good day, and welcome to the USA Rare Earth First Quarter 2025 Earnings Call. [Operator Instructions] Please note that this event is being recorded. I would now like to turn the conference over to Lionel McBee, Vice President of Investor Relations. Please go ahead.

## Lionel C. McBee

*Vice President of Investor Relations*

Good afternoon, everyone, and welcome to USA Rare Earth's 2025 First Quarter Earnings Conference Call. My name is Lionel McBee, and I'm the Vice President of Investor Relations. I'm here today with our Chief Executive Officer, Joshua Ballard; and our Chief Financial Officer, Rob Steele. During today's call, we may make projections and other forward-looking statements under the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995 regarding future events or the future financial performance of the company.

These statements may discuss our business, economic and market outlook, growth expectations, new products and their performance, cost structure and business strategy. Forward-looking statements are based on information currently available to us and on management's beliefs, assumptions, estimates and projections. Forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors. We refer you to the documents the company files from time to time with the SEC, specifically the company's Form 10-K and Form 10-Q.

These documents identify important factors that could cause actual results to differ materially from those contained in our projections and forward-looking statements. All statements made during this call are made only as of today, May 14, 2025, and the company expressly disclaims any intent or obligation to obtain forward-looking statements made during this call to reflect subsequent events or circumstances, unless otherwise required by law.

And with that, at this point, I will turn the call over to Josh.

## Joshua Ballard

Thank you, Lionel. I want to thank all of you for joining our very first earnings call since we merged with Inflection point and started trading on March 14. It's been an exciting past couple of months and much has happened at the company as well as in the world and in our industry, culminating in our \$75 million equity raise just 2 weeks ago. We are in a firm financial position and moving swiftly to scale.

It's an exciting time at USA Rare Earth, full of a lot of hard work but incredibly rewarding work. In this first call, I want to lay out our long-term vision and strategy for the large number of investors who have not had the opportunity to hear it. We will discuss our current status as well as the short-term milestones that will serve as key markers as we seek to methodically create value for our shareholders each year while we build a growing and cash flow generating business. We understand that we must build trust with the wider investment community to ensure that value is created while this long-term story is being built. To do that, you must see the future and believe that we can achieve it. Let's start with painting the big picture of that future. Global geopolitical tensions have caused this quiet industry to rise to the top of conversation for weeks.

Even my 86-year-old mother now understands how critical rare earths are to our day-to-day lives. She knows that incredibly powerful and compact rare earth permanent magnets underpin much of our modern technology, quietly translating electricity into motion in profound and unexpected ways. The export ban from China of certain heavy rare earths and these permanent neo magnets are not only a political statement as it hammers critical American sectors such as defense, automotive, aerospace and robotics, but a personal one as well. Gadolinium is used as a contrasting agent in millions of MRI scans every year. Yttrium is used in radiation therapy for certain cancers.

Permanent neo magnets are in the computers you are working on, your mobile phones, the cars we drive, the airplanes we fly in and the list goes on. America gave up its ability to not only mine and process these minerals, but to make the metals and critically important magnets as well. It's a Manhattan project moment for America to invest and rebuild this lost art that makes up a combined approximately \$40 billion-plus industry. And of course, you can look at USA Rare Earth as a microcosm of this entire industry, which we are at the forefront of. We are actively building the largest fully domestic neo magnet manufacturing facility in the United States.

To support this facility, we're developing our own rare earth mineral processing technology to unlock our heavy rare earth deposit in West Texas. We will also look to rebuild rare earth metal making either on our own or together with partners to return this capability home to America. I often get the question as to why it is so important for us to look at building each stage of the rare earth magnet supply chain. After all, it's no small task. My answer is that we must build a business that can compete for decades to come, not just for the next couple of years. All this noise in the market today is temporary.

Tariffs will come and go and memories are short. To compete globally, we must control costs at every stage of the supply chain. We will do this either by building on our own or partnering closely with others in the industry to achieve the same. We have a unique opportunity today to grow USA Rare Earth into the premier rare earth mineral and magnet company in the United States. We saw an incredible opportunity before the election last year, and recent events have only made this opportunity even more real and more urgent. We believe that we are witnessing a permanent change to how America and likely the world views China's tight hold to these important resources.

What you will see is that our intent is to build a great business with a methodical and focused approach without hype to take advantage of the significant dislocation in this market. Let's get into it, and I'll start with our strategy and an update on our magnet business. Our near-term value creation event is the commissioning of our 310,000 square foot NdFeB or NEO magnet facility in Stillwater, Oklahoma. I believe we have put an aggressive but achievable plan in place to commission this plant by early next year and couldn't be more pleased with our progress to date. Ultimately, this facility will produce nearly 5,000 metric tons of neo magnets, hundreds of millions of magnets with revenues of roughly \$700 million to \$800 million annually at full capacity.

Let's put the size of this facility into the perspective of the broader neo magnet market. By 2026, the overall neo magnet market is estimated to be at roughly 250,000 metric tons per year per Adamas Intelligence and is on track to double the 500,000 metric tons over the next decade. United States is estimated to be about 20% of this market or nearly 50,000 metric tons per year, which is also expected to approximately double over the same period. Currently, the U.S. imports nearly all of its neo magnets from China. Therefore, even if our facility was at full capacity today, we would be only 10% of the overall U.S. market, which is looking to at least double in the coming decade.

Our strategy is one of execution. We have a large market hungry for domestic supply, which is nonexistent. We are bringing known manufacturing technologies back to the U.S. to sell into that hungry market. There's no smoking mirrors here, no fantastical assumptions about a market that may or may not exist, no unfounded belief in a product that hasn't yet been proven. We are simply building a plant with known technologies to make great quality products for a market asking for domestic supply.

The only real question to ask ourselves is how fast can we build and scale it. We are actively working to build and commission our first production line, which will be 25% of our capacity or 1,200 metric tons per year, which should translate into roughly \$150 million to \$200 million in revenue. Our target is to commission this line in the first half of 2026 and then scale up to 1,200 metric tons by the end of next year. There are 3 stages to achieve this. The first 2 stages will happen concurrently. First, we are building out and enhancing the infrastructure of our facility to optimize the plant floor for commercial neo magnet production.

Second, we must commission the existing equipment that we have on site. This equipment, which we purchased used a few years ago is what I call the backbone of our first line. This backbone takes the metal we purchase, that turns that metal into a powder, presses that powder into large blocks, cuts those large blocks into pieces close to size and then centers or [ cooks ] those pieces into hardened magnets in our furnaces. This process will be essentially the same for all customers. We are already shaking out and commissioning this equipment, which we will finish this year. The final stage will be to commission the finishing equipment, which is on order from vendors in the U.S., South Korea and Japan.

This finishing equipment includes capabilities such as grinding, polishing, coating and grain boundary diffusion. To be clear, this is a very aggressive schedule, although an achievable one. However, we should not be blind to the inherent risks associated with it. Outside of typical potential construction delays, there are 2 key risks to be aware of, which we will address and update you on throughout the year as we make progress. First, while our existing equipment was only used for a brief period of time and has been well taken care of, it has not been run for a number of years. To avoid any delays in shipping product next year, we are testing this equipment thoroughly with the original vendors throughout this year.

Second, while we have built a strong foundational team of great engineers who are very [ versant ] in magnets and production, we must continue to bring in specialized talent to accelerate our scale up and to ensure we build high-quality magnets for our customers. We are tackling this challenge in 3 ways. One, we are seeking individuals with high-volume manufacturing experience who come from related areas such as ceramics. Two, we will build a robust quality management system to identify and fix errors as early in the process as possible.

And three, we will leverage magnet expertise inside and outside of the company to train and enhance our team. Despite some of these challenges, we are confident in our ability to get high-quality labor in Oklahoma. For example, Stillwater is the home of Oklahoma State University, and there are scores of technical schools within 100 miles of our plant that can provide low-cost, high-value labor as we scale. In addition to building our plant, we are also building a pipeline of customers to fill it in 2026. Our singular goal this year is to secure commitments for product deliveries in 2026.

To do so, we are talking to a diverse array of customers from EV manufacturing, auto supply, industrial applications, robotics, medical supply companies, defense, consumer products, among others. We will also be hiring to augment and grow our sales team. I should be clear that while we have been building relationships with customers for the past couple of years, we started our sales process in earnest with the commissioning of our innovations lab this past March. We are now prototyping magnets, which allow our customers to physically test and qualify our product.

This, along with the significant and positive change in our financial position has changed the tenor of discussions. Many customers are excited to potentially partner with us to bring their supply back home to America. Unlike most of our peers in this market, we are building this plant for a wider and more diverse set of customers and industries. Our first line will be focused on small- to medium-sized customers anywhere from 20 tons per year up to a few hundred tons per year. Focusing on a diverse and manageable set of customers will allow us to start with simpler products at somewhat lower volumes, better margins and to build up the volume in a thoughtful manner and with great partners.

Of course, we will also seek to build a mix of larger customers, and we are actively in discussions with several large auto and industrial manufacturers today. This qualification process will take some time, and we do not expect revenues from this type of high-volume customer next year. But in the meantime, we will build a great business with our partners in the small- to medium-sized customer base. As our pipeline solidifies in the coming quarters, we will be able to talk more definitively about our revenue and profit expectations for next year.

Our goal is to fill the capacity of our first line by the end of 2026 or early 2027. We believe we are well placed with feedstock for the plant for the next few years to support that growth. However, despite our big goals, we are also manufacturers. We understand that we have to walk before we run. We will start slowly in the first half of the year as we commission equipment, shake out our plant and build and test our processes to ensure we are making high-quality magnets following commissioning. Once we are comfortable we can scale and maintain quality, we will begin to add more significant volumes.

This will allow us to build a strong foundation from which we can scale much swifter in 2027. We are also looking at how we can scale faster to meet this moment in history. We believe we can scale to the full 5,000 tons over the next couple of years under the right conditions. The critical gating factor for us to execute on a more accelerated plan is financing. Capital is the fuel that will run this machine, and I think we have proven that we can raise money when we need it. Rob will talk more about this in a moment. Let's now turn to our Round Top deposit, where we continue to work to unlock the long-term value that can be created from our unique heavy rare earth deposit in West Texas.

Ultimately, our goal is to produce both the feedstock for our magnet facility as well as to sell excess material minerals to the market. We view our Round Top asset as a national asset, one that is unique among its peers here in the United States. Round Top Mountain has been extensively researched starting in the 1980s with over 45,000 feet of boreholes drilled that show a consistent deposit rich in heavy rare earths and other tech metals. Most known deposits in the U.S., including the one operating rare earth mine in California, are rich in the light rare earth, lanthanum and cerium, the most abundant and low value of all rare earths as well as some neodymium and praseodymium, the 2 minerals critical for centered neo magnet manufacturing.

Our deposit is unique in that it is rich in the heavy rare earths that were recently put on the export control list by China. We have all the heavy rare earths in Round Top with significant amounts of high-value minerals such as dysprosium, terbium, lutetium, among others, in addition to the key magnet minerals, neodymium and praseodymium. Round Top also has one of the largest known deposits of gallium, which was banned by China in 2024 and is critical to the semiconductor and defense industries. I often get questions from people who have been following our progress as to why it is taking us so long to develop Round Top.

Let's talk about the challenges in our deposit, but also why we are feeling more confident today. Rare earth minerals are rare because they are dispersed throughout the rock in very low concentrations. At Round Top, many minerals are found in hundreds of parts per million or less. Therefore, you have to process a lot of rock. And even once you've extracted these minerals in bulk from the rock, it is still challenging to separate them into individual oxides. Each deposit has its own unique challenges and impurities, and so approaches to processing the ore differ from one deposit to the next.

Our ore at Round Top Mountain, for example, is hunting calcium, iron and aluminum, which creates difficulties as we seek to remove those impurities to extract the valuable rare earths and tech metals that will make this deposit a financial success. We are also seeking to separate out and sell a wide range of minerals, adding further complexity. Our great team in Colorado has been working diligently on the process engineering for Round Top for over 3 years. And despite challenges, we are finding success. We have now established many of the processes that we will use at the mine. We have also separated many of the rare earths from Round Top ore into individual oxides that exceed 99% purity using our proprietary ion exchange technology. Based on these successes, we have been ramping up our work in Colorado this year.

We have 4 main areas of focus today. One, we are scaling up our production of leach solution to move from batch to continuous testing at our facility in Colorado. We have significantly increased the amount of rock being processed to create enough bulk solution to run continuously through our processes. Two, with increased bulk solution, we can now establish processes to extract those minerals present in lower quantities in the rock, but that are important to Round Top's value such as gallium and [ uranium ]. Three, once we have successfully established our processes for these remaining minerals, we can focus on specific areas of the flow sheet to reduce future capital and operating expenses to support a higher ROI.

Four, finally, we are seeking to establish a method for recycling and reusing the acids and reagents used in processing. This will allow us to minimize spend as well as to be responsible stewards of the land. Let's also discuss the broad framework from which we will develop Round Top in the coming years, which I prefer to break out into 5 stages. The first 2 stages consist of, first, the flow sheet, which sets the methods by which you will mine the rock and process the minerals; and second, the pre-feasibility study, which independently establishes the value of the deposit and thereby a projected ROI of the project.

We are at these early stages today in our development of Round Top, and these activities reflect relatively low levels of spending. I view these investments as a low-cost option that may unlock incredible value for the company in the coming years. With success, we will move into the third stage, which is the development and construction of a pilot plant. Here, we would invest tens of millions of dollars. However, this would only happen after we have established and communicated the value of the future mine. Following the pilot plant, large investments would begin in the fourth and fifth stages when we publish a definitive feasibility study.

And then finally, we would proceed to the engineering and construction of the mine itself. Today, we are targeting to establish the flow sheet, finish our pre-feasibility study and build a pilot plant over the next couple of years. If successful, this will generate considerable value to USA Rare Earth long before we begin the larger investments in the mine itself. The work that happens this year is the critical milestone to taking this important step and will define whether we hold to that time line. We will continue to keep you updated throughout each quarter on our progress. Our next milestone is to generate enough product of each of the individual monetizable minerals to allow us to finalize our flow sheet, which we'll update you on in August.

Both our Magna facility and our development work at Round Top are big projects. However, the world and geopolitics have turned in our favor. Despite the uncertainty in the market, we believe that on balance, this uncertainty is good for USA Rare Earth. In addition to the operational approach I've described today, we have also launched a significant outreach program to the federal government in the past few months. I've spoken to many people in both the executive office as well as many of the agencies and we will continue to do so. There's clearly an incredible urgency throughout the federal government today seeking solutions to help stand up the supply chain in America. I look forward to seeing what the administration will do in the coming months.

With that, I will hand it over to Rob to walk through our financial position and how the year will unfold.

**William Robert Steele**  
*Chief Financial Officer*

Thank you, Josh, and thank you, everyone, for joining us today. We are bringing the rare earth mineral supply chain back to the U.S., and I'm excited to share our financial plans and our first quarter financial update. Our merger with Inflection point in mid-March gave us the access to the capital markets that we needed, and we have already raised \$90 million in proceeds from our PIPE and from our SPAC-related forward purchase agreements. We now have over \$100 million on our balance sheet and are well positioned to execute on the initial phase of our strategic plan. As Josh described earlier, our plan is to ultimately grow our rare earth magnet production to 5,000 metric tons per year and further advance our Round Top Mountain project once we have achieved a successful flow sheet.

In Stillwater, we are not only investing in the physical build of our plant, but also in our teams, operational infrastructure and systems to ensure we can achieve our key goals and produce a quality and consistent product for our customers. To support this build and prepare for future growth, we are adding team members in key roles ahead of our revenue ramp, which will largely affect our SG&A expense. As of March 31, 2025, we had nearly 40 full-time employees and expect to more than double our headcount by year-end. The majority of our hires will be at our Stillwater facility, but will also include key executives as well as sales and support staff.

Therefore, you should generally expect our SG&A to grow in a manner consistent with our planned growth in headcount and our investments in infrastructure and systems. For 2025, we expect our per quarter operating expenses to fall between \$8 million and \$9 million. In order to commission our Stillwater magnet facility, we expect to invest approximately \$60 million to \$65 million of capital in the plant build this year. This number could change as we progress the engineering and proceed to quoting some of the larger aspects of the project.

We should also note that we are uncertain today of how tariffs could affect this number, especially as it relates to the steel purchases and the finishing equipment we will be receiving from overseas. However, worst case, we believe the effect would remain in the single-digit millions, if, in fact, unavoidable. Now to our financial results. For our first quarter of 2025, we generated an operating loss of \$8.7 million versus an operating loss of \$4.7 million year-on-year, mainly driven by increases in SG&A expenses related to our merger.

Approximately \$3.7 million of this increase in SG&A was related to merger-related expenses. Our R&D expense decreased year-over-year due to efforts to minimize spend until our merger was completed. Net income attributable to common was \$51.8 million or \$0.58 per fully diluted share, driven by a \$60.3 million noncash gain from marking to market our warrant and earn-out liabilities. Excluding this gain, we would have reported an adjusted net loss of \$8.5 million or an adjusted net loss per share of \$0.19, which is more indicative of our current operating performance. In terms of liquidity, we finished the quarter with \$23.4 million of cash on our balance sheet with no significant debt and subsequently raised a \$75 million PIPE.

This, combined with the receipt of approximately \$15 million from investors exercise of our forward purchase agreements, net of operating expenses and capital spending, affords us a cash position as of May 9, 2025, of over \$100 million. In short, we're in a good place today, and we will be investing significantly in our growth. We have ample potential options to fund future phases of our plan, and we would expect our cost of capital to improve as we make progress, including from nondilutive governmental sources. And frankly, as Josh mentioned, if we are able to obtain the capital we need to accelerate our strategy, we will certainly seek to do so. Now let's go to Q&A.

# Question and Answer

## Operator

[Operator Instructions]

And your first question today will come from Suji Desilva with ROTH Capital.

## Suji Desilva

*ROTH Capital Partners, LLC, Research Division*

Congrats on the successful transaction and the first earnings report here. I look forward to many more. So maybe you can talk about this customer MOU that you already have in place. Can you talk about how you got that done given that the innovation lab just got commissioned? I thought that will be a key part of the process. And then more specifically going forward with the pipeline as you try to bring additional customers on, what's the lead time from engaging a customer to being in a position to potentially ramp production magnets for them?

## Joshua Ballard

Yes. Yes. Thanks, Suji. Good to talk to you. We have been talking to these customers for the last year or so. So the conversations have been ongoing. Once the lab was commissioned last month, they were already ready to go. So they were excited to get started, and we've gotten started. So we're working through the qualification process with them now, meaning we're working out the grade to give them prototypes that they can test within their products so that it's all tested out before we get to production next year.

And I would add, we've had one announcement, but we're working with other customers, everything from a multibillion-dollar industrial aerospace manufacturer to automotive supply. So speakers, there's all sorts of customers that we're talking to, and we believe we'll have more announcements soon as the year progresses. And what was the -- you had the second side of your question, Suji?

## Suji Desilva

*ROTH Capital Partners, LLC, Research Division*

No, I just ask what the lead time would be from engaging a customer to being in a position to provide production for them.

## Joshua Ballard

Yes. And I think -- well, obviously, we can't provide production until we commission early next year. But generally, the qualification process with the small- to medium-sized customers, we think, will be roughly around a 3- to 6-month time period, which shorter than it would be for an auto manufacturer, for example, which could be a year or 2, but relatively quick.

## Suji Desilva

*ROTH Capital Partners, LLC, Research Division*

Right. And then when you do secure a win for these customers as you will in the future, will these be second sources for large existing programs where you'll come in? Or would you envision that more being a customized product, a new design opportunity where you're sole sourced? What's more likely the scenario here?

## Joshua Ballard

I think it will be a mix of both. We're seeing -- we're talking to customers who are very interested in diversifying their current supply, which means we'd be displacing their current supplier who's likely coming from China. And then we do have a few instances where we're being brought in on new projects where we would be the sole supplier, at least the initial one coming in at any rate. So I think it will be a mix of both, but we're definitely seeing us potentially displacing current vendors as well.

## Suji Desilva

*ROTH Capital Partners, LLC, Research Division*

Okay. Great. And just lastly, I want to understand on the manufacturing side, as you qualify this equipment that you acquired a few years ago, is the equipment you already have that you're qualifying sufficient to get to the full capacity? Or will you need to acquire additional equipment? If so, is that equipment available in the global marketplace? What will be the lead times there, et cetera?

**Joshua Ballard**

Yes. We'll need to augment that equipment a little bit to get to the 1,200 tons for the full line. That's why we're initially commissioning at 600 tons. So there'll be a couple of pieces of equipment to augment what I call that backbone, which is what that existing equipment covers, everything from the strip cast metal to powderizing and depressing it to the centering furnace. And then on the finishing equipment as well, we'll need a little bit more. And on the finishing side, we've been purposely waiting a little bit until the pipeline firms up because that can be a little more dependent on customers. We want to make sure we order equipment that we're going to be fully utilizing once we go live with it.

**Operator**

And your next question today will come from Derek Soderberg with Cantor Fitzgerald.

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research Division*

My congrats as well on the merger. So Josh, you sort of mentioned financing as a gating factor. Wondering if there's any potential for customer funding. Has that been part of the discussion with customers who are sort of intent on securing supply? And then I'm curious whether government incentives are going to play a role in funding your scale up? And then I've got a follow-up.

**Joshua Ballard**

Okay. Yes. On the customer side, that could very well become part of the conversation, especially with for 2 reasons. One, if it's a much larger customer, number one, but more importantly, if a customer needs more bespoke equipment. Our initial customers, I don't believe will need more bespoke equipment. I think they're going to be good bread-and-butter customers that we can serve with the existing equipment we're building. And then on the government side, absolutely, we're actively speaking with government agencies quite a bit right now.

I'm headed to Washington next week again. And we're going to be submitting and working on that throughout the year. So I'm hopeful that, that will work out. We certainly believe that the government is going to be supportive this year, but we'll see what happens in the coming months.

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research Division*

Got it. That's helpful. And then I was just wondering if you could talk about the feedstock supply during the initial ramp. How robust is the feedstock supply chain outside of China? What are the limiting factors to securing feedstock from that portion of the market? And then should you have the ability to take any from that China supply chain? Is that something you'd consider in the near term?

**Joshua Ballard**

Yes. I think when you think about feedstock, let's break it out into 2 pieces. One is whether or not you need heavies or not, I guess, is the piece. If you don't need heavies and you're just using the light rare earths and your typical iron and boron, I think we're very comfortable on that feedstock as we start out for the first couple of years. We have a great relationship with our suppliers. We're looking at how else we can diversify that supply, especially at the ore level.

And then, of course, looking at bringing the actual metal making here back to the United States, which I described in my prepared remarks. Everybody currently is more challenged with the heavy rare earth because of the export controls that are in place, which we'll see how much they loosen here in the coming weeks. But importantly, these initial customers that we're working on and planning on rolling out early next year will not need heavy rare earths.

These are all magnets, centered neo magnets, but at the level where we don't need to add heavy rare earths or grain boundary diffusion in order to support them. So we feel pretty good as we start out where we're sitting today, and then we'll see how things shake out in the market on the heavy rare earth side as well along with everybody else.

**Derek John Soderberg**

*Cantor Fitzgerald & Co., Research Division*

Got it. That's helpful. And then just one final one for me. Just any additional details on that first customer MOU? What portion of your planned production might that customer offtake in terms of tons? And then curious, just taking a step back on pricing, curious if there might be a premium attached to U.S. production, just given how scarce the sourcing is for those types of magnets and rare earths.

So just wondering just on pricing, if there's anything you can say on if there's potentially a premium attached to your pricing versus maybe the global price.

**Joshua Ballard**

Yes. We mentioned in our press release that we'd be doing up to about 20 tons per year for this customer. So I think it's a good healthy amount. It's at the -- it's within the range that we're targeting for this first line. So we're actually quite happy with that. And probably not 20 next year because we'll be starting a bit later in the year, not on Jan 1, right? But typically annually about that. And they're growing quite quickly actually as a company.

And then on the pricing side, yes, absolutely. I think the entire market outside of China is going to be priced at a premium higher than China. I think there's no doubt with that. What we're seeing is that our preliminary kind of budgetary pricing we're giving to customers, we obviously still have a lot to work through with tariffs and everything else throughout this year. But we're coming in well in line with what folks are seeing outside of Europe and Japan and some of the other Magna companies that exist globally outside of China.

**Operator**

[Operator Instructions]

And your next question today will come from Michael Matheson with Sidoti & Co.

**Michael Matheson**

Congratulations on the achievements this quarter, you guys. I just have a couple of questions. You answered many of them already. Can you provide some detail on the arrangement with TMRC at Round Top? Is that revenue sharing? Or how exactly does that work?

**Joshua Ballard**

It's -- I mean they -- we share -- I forget the exact -- it's about 81%, 19% of the deposit together. So it would be a shared 81% and 19% of profit that would come out of that entity today.

**Michael Matheson**

And just I'm guessing you're the 81%.

**Joshua Ballard**

Yes, that's right. Yes, exactly. We're the 81%. Yes. We have -- we control the management of the deposit as well.

**Michael Matheson**

Secondly, and just my last question, that was a very positive revenue forecast. Just some quick arithmetic. It seems to me that brings you pretty close to positive EBITDA. Do you feel comfortable with that? Or is that more of a '27 goal?

**Joshua Ballard**

'27. Yes. So next year, we want to get to a monthly -- we want to fill out the capacity by the end of next year or early 2027. We're obviously going to start a lot lower as we start out and then we'll build up to that throughout the year. And if we're able to hit that by the end of the year or into early 2027 on a going run rate, we believe it's possible we could hit that. But we got to get there first here over the next, call it, year or so.

**Operator**

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

**Lionel C. McBee**

*Vice President of Investor Relations*

Thank you, operator, and thank you all again for joining us today. We look forward to speaking with you again in early August for our second quarter results call. Thanks, and have a good evening.

**Operator**

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

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