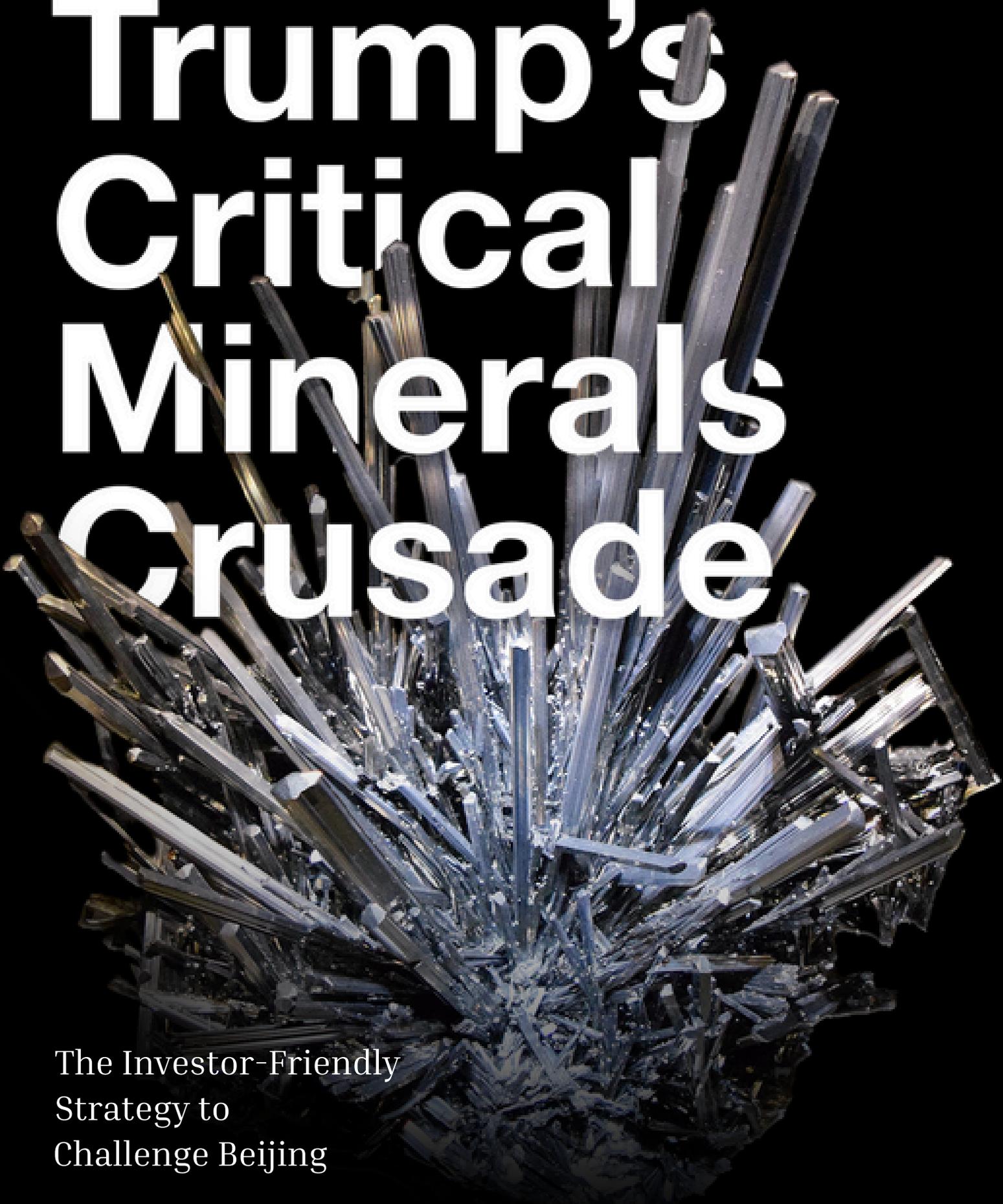


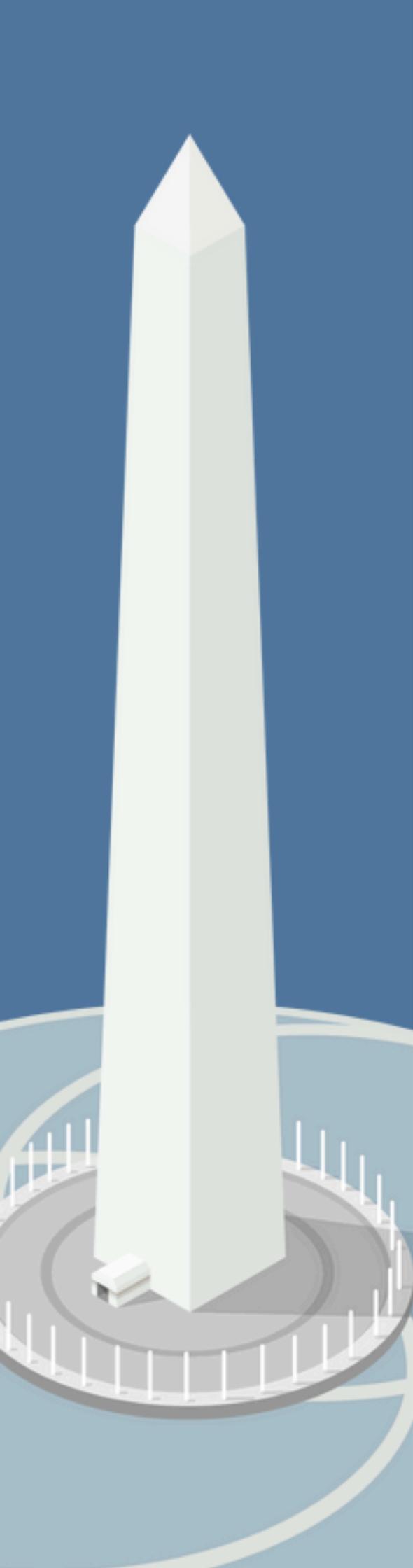


CAPSTONE

Trump's Critical Minerals Crusade



The Investor-Friendly
Strategy to
Challenge Beijing



About Capstone

Capstone is a global, policy-driven strategy firm helping corporations and investors navigate the local, national, and international policy and regulatory landscape.

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We tailor our work to help our clients predict meaningful policy and regulatory backdrops, quantify their impact, and recommend strategies that unveil novel opportunities and avoid hidden risks.

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The Trump administration's unprecedented support for US companies that can produce critical minerals will open extraordinary opportunities for investors. In an all-out push to break China's dominance in the field, the government over the next year will buy equity stakes in domestic mining and salvage companies, negotiate offtake agreements to ensure markets, and make loans and loan guarantees. **Capstone believes** that companies already making deals with the Pentagon, and firms focused on three critical minerals—antimony, gallium, and germanium—are the most likely candidates to receive support.

Critical Minerals: Essential—and Vulnerable

The Pentagon's vulnerability became crystal clear when China restricted the export of key critical minerals.

The Pentagon needs critical minerals for the manufacture of everything from night-vision goggles to guided missile systems. Critical minerals are also key inputs into essentials such as smartphones. The US, however, has very little manufacturing of many of the minerals, making it vulnerable to China, which is by far the world's largest producer. When China recently restricted the export of key critical minerals, the strategic threat became clear. Driven by this urgency, the Trump administration has committed to bringing supply chains to the homeland. The mission marks a sea change in the way the federal government engages with the private sector, and with it, unprecedented opportunities for investors.

The administration's campaign is already underway. In July, the Department of Defense (DOD) took an equity stake valued at \$400 million in the rare earth miner and permanent magnet maker MP Materials (MP)—an extraordinary move that, combined with subsequent similar actions, suggests a new phase of direct US government intervention and support of companies operating in sectors that are perceived to be strategically critical to the US economy.

Defense Production Act, Title III, at a Glance:

Enables the government to support US domestic supply chains for the defense industrial base.

Other investments have included the September 9th awarding of \$2 million to ReElement Technologies Corp. to support domestic rare earth processing. On September 23rd, the US Defense Logistics Agency (DLA) awarded the United States Antimony Corp., the only operator of antimony smelters in North America, a \$245 million, five-year contract to produce the critical mineral that is used in the manufacture of munitions, batteries, and flame retardants. Not huge sums, but China is the source for 54% of US antimony. The US is, when it comes to the production of some critical minerals, essentially starting from scratch.

In assessing where the DOD is likely to invest next, **Capstone believes** that it will be making strategic bets based loosely on the following criteria:

- The current degree of reliance on China.
- The availability of alternative sources in trusted partner nations.
- The mineral's criticality in defense applications and weapons systems.
- Demand.

Capstone believes that the DOD will likely pursue areas where it can get the most bang for the buck, where investments and other market interventions are likely to most rapidly secure the volumes of particular minerals required by the DOD. Companies that have already received other forms of DOD support, such as DPA Title III funds, are likely targets.



The DOD will be focused on investing more in this space over the coming year.

The aerospace and defense industry relies on a range of critical minerals and rare earth elements for essential operations and the functioning of critical defense industrial base supply chains.

Critical minerals are key for several aerospace applications, for example, including high-performance military platforms that rely on “superalloys” made from cobalt, niobium, chromium, and hafnium that can withstand extreme stress. Germanium is a key ingredient in night-vision goggles and satellite imagery sensors, while gallium is required for electronic equipment used on satellites, radar, and other electronic equipment. Molybdenum is necessary for high-performance turbine engines. There are dozens of critical minerals and rare earth elements (REEs) that are essential components of defense products.

However, the growing insecurity of key critical minerals and rare earth supply chains, stemming from nearly total market domination by China, has the industry and the US government scrambling to secure supplies from allies and partners. In many cases, to break China’s long-term dominance over these supply chains, alternative suppliers in the US will also need investment or to be stood up entirely. While not a new challenge, recent moves by the DOD to more aggressively use its authorities through the Defense Production Act (DPA), the recently established Office of Strategic Capital (OSC), and other forms of support, such as specific offtake agreements, underscore its importance within the Pentagon.

Capstone believes there will be more investment activity in this space by the DOD in the coming year, resulting in greater direct government intervention and support for US domestic critical minerals supply chains. This will likely include additional investments in specific companies. While many are small and privately held, the impact of US government investment is clear. The share price of MP Materials increased nearly 120% between the July 2025 announcement that the DOD was taking a 15% stake in the company and September 15th. Perpetua Resources, which aims to produce antimony domestically, has seen an 80% increase in the six months ending September 15th and is a candidate to receive \$2 billion from the US Export-Import Bank (EXIM). The company is a previous DPA Title III recipient.

The MP Materials Deal in Focus

Investments in critical minerals are part of a larger effort by the Trump administration to get involved with the private sector.

The July announcement that the DOD was taking a stake in the rare earth minerals miner and magnet producer MP Materials was an inflection point in how the Pentagon sees its role in securing its own supply chains. It is also one of a handful of transactions in recent months that suggest that the Trump administration is looking to have the US government play a more direct role in the operation of companies across strategic sectors. The first such transaction was the issuance of a “golden share” in Nippon Steel as a condition of [approval](#) from the Committee on Foreign Investment in the US (CFIUS) to acquire US Steel.

Other major announcements include the US government’s [agreement](#) in August to take a 10% equity stake in Intel Corp. (INTC) and the [unorthodox revenue-sharing](#) agreement between the administration and Nvidia (NVDA) and Advanced Micro Devices Inc. (AMD) in order for the companies to receive export licenses to ship H2O integrated circuits to China.

Capstone believes that additional deals will be announced on similar terms, resulting in greater direct US government control over businesses in strategic sectors, including, but not limited to, critical minerals.

The specific terms of the MP Materials deal are as follows:

Exhibit 1



Specific DOD and Defense Industrial Base Commitments in the MP Materials Deal

Investment	Investment Details
Stock Purchase	The DOD acquired a 15% stake in MP Materials through the purchase of preferred stock, valued at \$400 million. This makes DOD the largest shareholder.
10-Year Offtake Agreement	The DOD guaranteed that 100% of the magnets that MP Materials' yet-to-be-established 10X Facility will produce over the next 10 years will be purchased by companies in the US defense industrial base.
Price Floor Commitment	The DOD agreed to a price floor commitment of \$110/kg for MP Materials' Neodymium-Praseodymium (NdPr) products to insulate the company from disruptive market forces that would undermine MP Materials' commerciality.
OSC Loan	\$150 million loan to add heavy rare earth separation capabilities at existing MP Materials sites.
Construction Financing	In addition to the \$150 million loan, MP Materials received a commitment letter from JPMorgan Chase Funding Inc. and Goldman Sachs Bank USA for \$1 billion in financing for the construction and development of its 10X Facility.

Source: [MP Materials](#)

Authorities and Tools to be Used in Future DOD Investments

Looking ahead, **Capstone believes** that the DOD's priority is going to be increasingly focused on ensuring that the US defense industrial base, including the major defense primes and their suppliers, can secure supplies of necessary critical minerals and their derived products to meet projected demand to achieve US national security objectives.

The Pentagon has determined it can't wait any longer to ensure a steady supply of critical minerals.

This contrasts with other US government efforts to support the broader domestic ecosystem for critical minerals, energy, and natural resources sectors. For example, the Trump administration is working to further incentivize and create an easier regulatory environment for US critical minerals investment more broadly, which is also a net benefit for US critical minerals suppliers.

The March 2025 Executive Order 14241 ("[Immediate Measures to Increase American Mineral Production](#)") is designed to expand coordination between relevant agencies and take a whole-of-government approach to boost domestic mining and refining projects. The goal is to make the projects eligible for inclusion in the Federal Permitting Improvement Steering Council's Fixing America's Surface Transportation (FAST-41) program.

Additionally, the Section 232 tariff investigation into critical minerals and their derivative products, the results of which are expected in October, is likely to result in further support for several critical minerals, including but not limited to antimony, gallium, germanium, molybdenum, cobalt, and niobium.

Many of the administration's efforts build on those of the Biden administration, which also focused on a "whole-of-government" approach to tackle this challenge, building on its 100-day supply chain review and a [set of policies](#) (including DOD authorities) aimed at fostering domestic critical mineral demand in battery production.

For the DOD, however, these policies are insufficient to ensure that the defense industrial base has what it needs in the near term, particularly since Chinese export prohibitions are already causing significant supply chain challenges within the Defense Industrial Base (DIB). Not only has the Pentagon concluded that it does not have time to wait for other market forces to generate healthy domestic producers, but Pentagon leaders also understand that the ability to shape overall markets is limited. The defense industry is well aware that while it has very specific critical minerals requirements, it still represents only a small fraction—estimated at less than 10% of demand—for minerals whose defense use cases are most salient. This means that instead of trying to build a whole industry, the DOD must go out and secure what it needs.

We expect future deals to include equity investments.

Capstone believes the DOD will continue to use its own toolkit, including both well-established and more innovative approaches, to address the security of this supply challenge. In practical terms, we expect the DOD to replicate its agreement with MP Materials, highlighted by purchase guarantees that support pricing, loans and loan agreements through OSC, the issuance of funding using DPA Title III authorities, and coordination with key customers in the DIB and with US financial institutions. We also believe that taking equity stakes in additional companies in this space remains a likely feature of future deals. What we expect to be used far less is grants—a key tool of the Biden administration, including via major programs like the CHIPS Act—which may be interpreted by the current administration as not providing enough direct benefit back to the US government.

Potential Recipients of Future DOD Investment

As with the MP Materials deal, **Capstone believes** that the DOD's efforts are also likely to include offtake agreements that guarantee sales for suppliers. Indeed, we are expecting to see major aerospace and defense firms begin to make public commitments to purchase either the raw materials or their derivative products from US producers as a part of the DOD's efforts.

Past DPA Title III recipients are a starting point when compiling a list of companies that stand to benefit.

We also may see additional multiyear purchase agreements with price floor commitments, such as in the MP Materials deal, which work to shield vulnerable US producers from intentional market and price disruptions by Chinese players, a practice that has been used to harm new entrants across a range of commodities that would challenge China's dominant market position.

In the absence of specific DOD statements establishing a priority investment list, Capstone is pursuing a two-pronged approach to identify which companies are the most likely recipients of future support: reviewing companies that have already received DPA funding, and our sense of priority minerals that the DOD is most likely to pursue first.



Past DPA Title III Recipients

The US government has awarded roughly \$483 million in DPA Title III grants to critical minerals processors and suppliers since 2020. This track record of support not only underscores the bipartisan nature of US critical minerals investment but also provides a potential roadmap for companies that the DOD is likely to continue supporting. As shown in Exhibit 2, MP Materials is a previous recipient of DPA Title III funding, as are 26 other players in this space.

Exhibit 2



DPA Title III Critical Minerals Supply Chain Awards, 2020-2025

Company	Award Value	Mineral	Date
Elk Creek Resources Corp.	\$10M	Scandium	Aug 2025
Guardian Metal Resources PLC	\$6.2M	Tungsten	Jul 2025
Rare Resource Recycling Inc.	\$5.1M	Neodymium, Praseodymium, Dysprosium, Terbium	Jan 2025
Fireweed Metals Corp.	\$15.8M	Tungsten	Dec 2024
Rare Earth Salts	\$4.2M	Terbium	Sept 2024
Nano One Materials Corp.	\$12.9M	Lithium Iron Phosphate	Sept 2024
Nathan Trotter & Co.	\$19.1M	Tin	Sept 2024
Global Advanced Metals	\$26.4M	Niobium Oxide	Sept 2024
Electra Battery Metals Corp.	\$20M	Cobalt Sulfate	Aug 2024
Lithium Nevada Corp.	\$11.8M	Lithium	Aug 2024
Constellium Muscle Shoals LLC	\$23M	Aluminum	Jul 2024
South32	\$20M	Manganese	May 2024
Fortune Minerals Ltd.	\$6.4M	Cobalt Sulfate, Bismuth	May 2024
Lomiko Metals, Inc.	\$8.4M	Graphite	May 2024
5N+ Semiconductors	\$14.4M	Germanium	Apr 2024
The Doe Run Co.	\$7M	Cobalt, Nickel	Mar 2024
6K Additive, LLC	\$23.4M	Titanium, Niobium, Nickel, Tungsten	Dec 2023
South Star Battery Metals Corp.	\$3.2M	Graphite	Nov 2023
IperionX Ltd.	\$12.7M	Titanium	Oct 2023
Albemarle Corp.	\$90M	Lithium	Sept 2023
Talon Nickel (USA), LLC	\$20.6M	Nickel	Sept 2023
Graphite One (Alaska), Inc.	\$37.5M	Graphite	Jul 2023
Arconic Corp.	\$45.5M	Aluminum	Jun 2023
Jervois Mining USA	\$15M	Cobalt	Jun 2023
Perpetua Resources Corp.	\$24.8M	Antimony	Dec 2022
Lynas Rare Earths Ltd.	\$30.4M	Rare Earths	Feb 2021
MP Materials Corp.	\$9.6M	Rare Earths	Nov 2020

Priority Minerals

While ultimately all critical components that supply key defense equipment are a priority for the DOD, the Pentagon must nevertheless decide where to push first. **Capstone believes** that antimony, gallium, and germanium are among the likely priority minerals, given the application of the following framework that we are using to predict where the DOD may focus its efforts in the near term: the degree of mineral reliance on China, the availability of alternative sources in trusted partner nations, its criticality in defense applications and weapons systems, the total demand annually, and the existence of a viable US player that can be reasonably expected to have a market impact within a few years, if not sooner.

While Capstone is not making a specific prediction of individual companies that will receive DOD stakes or investments, we do believe the following minerals meet our criteria:

ANTIMONY

Capstone believes that the DOD will look to support domestic antimony production through existing and new mechanisms. The US does not currently mine antimony, with production ending in 2001. Perpetua Resources' (PPTA) Stibnite Gold Project, a gold and antimony mine, completed its permitting process in May 2025 after being placed on the FAST-41 Program. Stibnite Gold received \$22.4 million of funding through a DOD Ordnance Technology Initiatives Agreement (OTIA) the same month, and the company [said](#) on September 8th that it received a preliminary, nonbinding financing term sheet from the US Export-Import Bank to receive \$2 billion in debt financing for Stibnite, which could be finalized in the spring of 2026.

The project is expected to supply 35% of domestic antimony demand within six years of the start of production. The US is currently 85% net import reliant, with 54% of imports coming from China. Antimony has major defense applications, including munitions, batteries, flame retardants, precision optics, and infrared sensors.



Antimony

Chemical symbol: Sb

Uses: Semiconductors, solar panels, flame retardants.

Where the US gets it: 54% from China.

US sources: Salvage from lead-acid batteries.

Possible future US sources: Perpetua Resources' mine in Idaho.

GALLIUM

The US is 100% net import reliant on gallium, with approximately 19% of its supply sourced from China, according to the USGS. Unrefined gallium has not been domestically mined since 1987. In 2023, US imports of unrefined gallium were valued at roughly \$3 million, while imports of refined gallium arsenide wafers were estimated at \$110 million. Japan currently serves as the largest supplier, with China ranking second.

Gallium plays a critical role in advanced military systems, particularly through its use in complex electronic components in radar, electronic warfare systems, communication networks, and precision-guided weapons. Capstone believes the DOD could seek to establish and support domestic gallium production and refining capability to mitigate strategic vulnerabilities and strengthen supply chain resilience.

On September 2nd, the DOD awarded a Small Business Innovation Research (SBIR) contract worth \$65,200 to [Flash Metals USA](#), a subsidiary of Metallium (ASX: MTM), to extract gallium from waste streams, including LED scrap. It is possible for the company's gallium recovery to also produce germanium and other high-value metals. The company operates a US commercial-scale metal recovery plant in Texas.



Gallium

Chemical symbol: Ga

Uses: Smartphones, satellite TV, LED lights, medical imaging.

Where the US gets it: 19% from China.

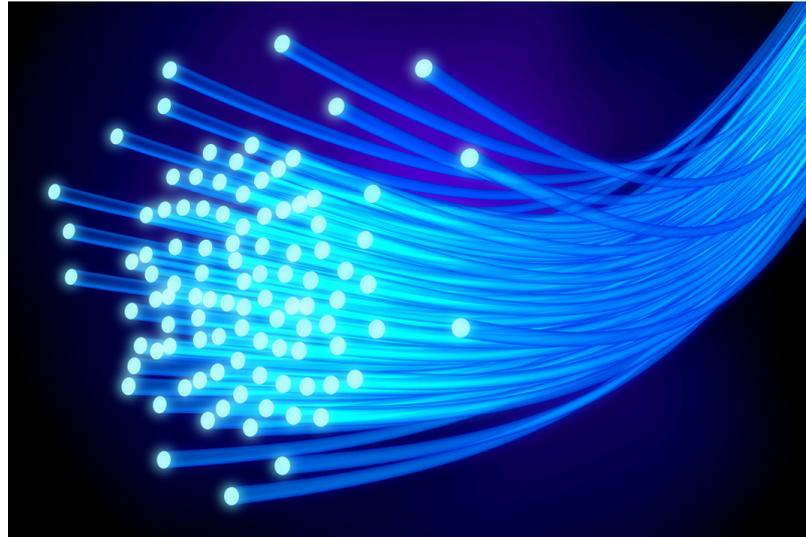
US sources: None.

Possible future US sources: LED scrap.

GERMANIUM

The US is roughly 50% reliant on germanium as a net import, with about 12% of imports sourced from China, according to the US Geological Survey (USGS). The US does have some domestic production of unrefined germanium as a byproduct from domestic zinc producers. However, most of the US supply is currently imported from Belgium. Before the Chinese export restrictions, the US relied on Chinese imports to the tune of over 51%.

Germanium has broad military applications, including fiber optics, thermal imaging, night vision systems, and advanced sensors used in ships, aircraft, missiles, and armored vehicles. The DOD has previously supported the US producer 5N+ Semiconductors in its manufacturing of germanium substrates, used in the solar cells of defense and commercial satellites. Capstone believes the DOD will look to support the domestic industry, including brownfield operations already producing germanium as a byproduct.



Germanium

Chemical symbol: Ge

Uses: Fiber optics, thermal imaging, missile guidance systems.

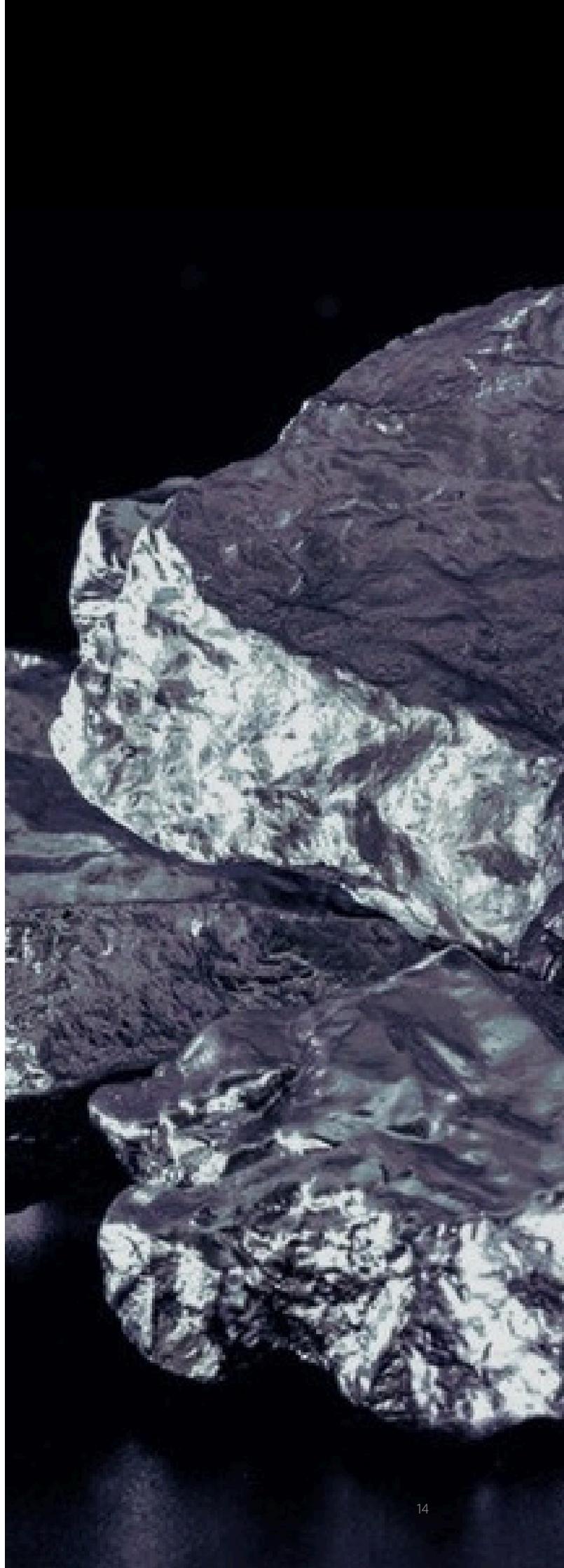
Where it comes from: China, 93% of the global supply in 2021.

US sources: Belgium; Alaska's Red Dog zinc mine.

Possible future US sources: A Tennessee zinc smelter and recycling facilities in Utah and Oklahoma.

What's Next

Capstone believes there will be significant announcements by the DOD over at least the next year concerning US domestic critical minerals producers. We expect to see the DOD use DPA Title III funding and other well-established resourcing authorities, as well as more novel and direct ways of supporting these companies. This could include more direct government ownership of companies, as was the case with MP Materials, as well as the negotiation of more offtake agreements across the defense industrial base. While not exclusive, we believe that previous recipients of DPA Title III funding likely represent a short list of potential companies to receive additional support.



Capstone at a Glance

Our Clients

- 110+ public market investors
- 200+ private equity firms
- 50+ corporate/trading clients

Our Coverage

- Trade
- Energy & industrials, and infrastructure
- Healthcare
- Financial and business services
- Tech, media, and telecom
- Special situations
- National Security

The Capstone Edge

- We make predictions and specialize in real-life, commercial analysis
- We proactively share insights that matter for investment and business decisions
- We are industry and policy experts with backgrounds in government, investment banking, and consulting—enabling us to deliver unique strategic insights on how policy impacts the commercial landscape

What We Offer

Distribution Research

- Differentiated and comprehensive policy research on actionable investment ideas
- Coverage of energy, healthcare, financial services, TMT, and special situations
- Weekly compendium of research including invitations to events

Events

- Policy days: 1–2-day events with one-on-one meetings with key policymakers and industry experts
- Lunches: Small group setting lunches with in-office policy and regulatory leaders
- Conference Calls with global industry leaders

Bespoke Research

- Client requests: ad hoc policy research at the direction of clients, where we identify key regulatory issues impacting an investment
- Memos and calls: 2–3-day projects digested into a memo and/or phone call

Strategic Advisory

- Strategic advice and transaction-related due diligence for transactions in heavily regulated industries
- Identification and quantification of regulatory and policy risks and opportunities
- Extensive review of public record / outreach

National security and defense coverage

Themes

- US defense policy
- US arms sales and foreign policy
- US-China relations
- War in Ukraine
- Investment screening, both CFIUS and outbound investments
- Sanctions
- Supply chain security
- Trade policy
- US state regulatory action (such as state-based restrictions on Chinese investment)
- Energy security

Strategic Sectors

- Defense industrial base example:
- Defense Production Act
- Technology and security examples:
- Semiconductors
- Clean networks
- Critical minerals and rare earths
- Space
- Maritime
- Natural disaster and emergency response

National Security and Industry

- Defense budget and appropriations (National Defense Authorization Act and annual appropriations acts)
- Key government spending programs: IRA, IJA, CHIPS Act, Buy America Provisions, BEAD Program
- New and emerging defense priorities (including climate resilience)
- Renewable energy procurement and decarbonization efforts at the US Department of Defense
- Department of Defense leadership mapping

