

The Metals Company (Q4 2024)
March 27, 2025

Corporate Speakers:

- Craig Shesky; The Metals Company; Chief Financial Officer
- Gerard Barron; The Metals Company; Chairman and Chief Executive Officer

Participants:

- Matthew O'Keefe; Cantor Fitzgerald; Analyst
- Jacob Sekelsky; Alliance Global Partners; Analyst
- Dmitry Silversteyn; Water Tower Research; Analyst

PRESENTATION

Operator^ Good day. Thank you for standing by. Welcome to The Metals Company fourth quarter 2024 Corporate Update Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to Craig Shesky, Chief Financial Officer of The Metals Company. Please go ahead.

Craig Shesky^ Thank you, [Liz]. Please note that during this call certain statements made by the company will be forward-looking and based on management's beliefs and assumptions from information available at this time. These statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control.

Additionally, please note that the company's actual results may differ materially from those anticipated. And except as required by law, we undertake no obligation to update any forward-looking statements.

Our remarks today may also include non-GAAP financial measures including with respect to free cash flows. Additional details regarding these non-GAAP financial measures including reconciliations to the most directly comparable GAAP financial measures can be found in our slide deck being used in this call and you're welcome to follow along with our slide deck or if joining by phone, you can access it at any time at investors.metals.co.

And I will now turn the call over to our Chairman and CEO, Gerard Barron. Gerard, please go ahead.

Gerard Barron^ Thank you, Craig. Well before we announce a material and very exciting change in our way forward, I want to revisit the premise behind our company. So in the next 30 years, we expect to need to mine more base metals than have been mined in all of our human history. So where can we get these critical metals with the least cost to humans and nature? 70% of our planet is covered by the oceans, but they are home to only 3% of living biomass. And the abyssal zone accounts for more than half of the ocean

area. And according to Grok, the abyssal zone hosts vast but resilient life that thrives on sinking organic matter in a vast other worldly expanse, limited leftover food means limited life.

So limited life to begin with means less life to impact and vast self-similar abyssal zone means ample opportunities for smart conservation. That's just the beginning of why nodules could be a great source of critical metals. Once you get this far offshore and this deep, there are no human communities to impact, metal grades are high, and there are four metals in one resource here, while it would take three separate mines on land. And crucially, we can process this resource onshore with near zero solid waste, and this means we will not need to manage lakes of toxic sludge.

And what's the alternative? Well keep cutting down biodiverse rainforests, displace people, poison air and water and generate massive, often toxic, waste streams, much of which ends up in the ocean, sometimes smothering beautiful reefs. And as a company, we reasoned from first principles and believed that we have a better shot at responsible extraction, where we have fewer impacts and fewer impact receptors.

So these first principles are backed by decades of research. Since the 1970s, the Clarion-Clipperton zone has received billions of dollars of investment and hundreds of research campaigns. In fact, after three commercial mining tests in the 1970s, the initial Programmatic Environmental Impact Statement, or PEIS was prepared by NOAA already in 1981 based on several research campaigns conducted by the agency in the CCZ. And by 1995, NOAA reported to Congress that their studies basically eliminated, pending verification of plume behavior during monitoring of further at sea mining system tests, virtually all other environmental concerns which were raised around deep sea mining.

Starting in 2011, The Metals Company has repeated a lot of this work and then some in our contract area in the CCZ. We are finishing our own EIS now and we have orders of magnitude more environmental data. Our mining system is much better designed and our impact modeling is much more sophisticated than in the 1970s, but our conclusions are not materially different from what NOAA concluded already 30 years ago. And furthermore, thanks to last year's expedition that revisited the site of a 1970s mining test.

We now have a 45-year perspective on how the deep-sea ecosystem recovers from a machine that looks quite irresponsible by today's standards, cutting 20 to 80 centimeters into the sediment compared to the top three to five centimeters that our sea floor collector impacts today. So we, too, have a sense of the recovery from our collector immediately after and then 12 months after the test. So the notion that we do not know enough to evaluate the impacts of collecting these metal rich rocks is wrong.

So looking back upon at least 14 years of our company's existence, we and our partners have achieved numerous milestones worth writing home about. Firstly, technical statements showing a resource of 1.6 billion tons of nodules representing the world's two largest undeveloped nickel projects. Then there's the first integrated collection system test since the 1970s, lifting more than 3,000 tons of nodules to the surface. There was the

successful industrial scale nodule processing into high-grade nickel, copper, cobalt alloy and manganese silicate, which we announced earlier this year, alongside our partner, PAMCO.

Successful bench-scale refining of our intermediate product into nickel sulfate and cobalt sulfate. 23 offshore research campaigns in some years delivering five campaigns per year, while most contractors manage 1 every other year, and the adoption of a capital-light approach utilizing the existing assets of our partners.

So we've shown that we can pick up nodules from the sea floor. We can lift them to the surface and process them onshore all the way to the refined products with minimal environmental impacts and limited capital expenditure. Though we may have achieved much in 14 years, many investors are focused on a different 14 years.

That is how long the ISA has been working on the mining regulations for this industry. After repeated failures to deliver the mining code in 2020 and then 2023, based on what we've seen during the current ISA session, there remains a possibility of continued delay on the ISA's target for the Mining Code adoption in 2025. The United States timeline drift and failure to deliver its legal obligation of adopting a mining code does not change one key fact, and that is that we are ready.

We have amassed an unprecedented wealth of environmental impact data, have gone above and beyond to design a system that minimizes environmental impacts and feel confident that we now know enough to get started, and prove we can manage environmental risks. What we need is a fair hearing and a regulator willing to engage.

Thankfully, we have another path forward. The United States has had the legal framework and regulations for issuing exploration licenses and commercial recovery permits for deep seabed minerals in international waters in place since the 1980s. And now, there is political will to put existing authorities to use.

So today I'm pleased to announce that our U.S. subsidiary, The Metals Company, U.S.A., LLC, will submit applications in the second quarter of this year to move into commercial production through the existing U.S. regulatory regime.

We did not make this decision lightly. It took careful consideration and many months of legal due diligence and government conversations. We've engaged multiple law firms and have conducted thorough legal diligence on the Deep Seabed Hard Mineral Resources Act of 1980 or DSHMRA as well as implementing regulations from NOAA. Congress passed DSHMRA as an interim regime to allow U.S. citizens to pursue deep seabed mineral projects in international waters in anticipation of the United States one day ratifying UNCLOS. 45 years later, the United States has not ratified UNCLOS, while DSHMRA and NOAA's implementing regulations remain on the books and have stood the test of time. The total of four exploration licenses have been issued under this regime with two still active.

So we've begun a dialogue with NOAA, an agency within the U.S. Department of Commerce, authorized as the lead agency for permitting under DSHMRA, and have, in fact, initiated a formal process of pre-application consultation with NOAA. We've also met with numerous officials in the White House as well as U.S. Congress regarding their support for this industry. In fact, today it was great to see Secretary Rubio talking to leaders in the Caribbean and highlighting that developing seafloor resources responsibly is an important opportunity for everyone. It is our strong belief that this path offers the greatest probability of receiving a commercial permit to begin operations in a timely manner.

So I'm sure you will all have many questions, and I promise that we will spend the vast majority of this call talking about the details of the strategy including the many months of meetings in D.C. and legal analysis. But first we'd like to take you through some of the rationale that led us and our Board to pursue this new path forward. And for that, I want to hand it back to Craig Shesky, our CFO.

Craig Shesky^ Thanks, Gerard. Certainly a very exciting moment. But first, let's assess where things stand right now with the ISA. So the ISA has missed two code adoption targets and is currently on its third. So it's worth looking at why exactly this part of the mining code is so hard. Well four years is about the average time that it takes to negotiate an international instrument and it took around four years for the ISA to adopt the first exploration regulations. It took around four years to negotiate the convention on biological diversity, the Paris Agreement and the Arms Trade Treaty. Covid disruption certainly did not help. Yet, the High Seas Treaty, which was also impacted by Covid, took eight years.

So depending on when you start counting, if the ISA adopts the mining code in 2025, it would be 14 years, or 11 years, if you count from when the work started in earnest in 2014, and it's still much longer than other instruments. So while coming up with regulations for the exploitation of deep sea minerals in the area may sound like a daunting task, consider the fact that most coastal states already regulate offshore extractive activities like offshore oil and gas and all countries with land mining have mining codes. There is plenty of expertise and precedent to draw on.

Now the ISA Council is currently sitting for part one of its 30th session in Kingston, Jamaica. And as with every session, we are simply looking for progress. Contrary to the legitimate expectations of contractors and of our sponsoring states, which are set out in the convention, the ISA has persistently missed the deadlines that itself has set, first in 2020 and then in 2023, and we're already three months into the third targeted year for adoption of 2025. Nauru's request that council adopt an agreed process for the review of NORI's impending application that is consistent with the ISA's obligations on UNCLOS was opposed by Chile, the world's largest copper producer. So with no agreement on the process, we do not yet have sufficient clarity as to how our application would be treated upon submission, presenting an unacceptable level of risk for our shareholders.

Of course, there is one country that doesn't mind the delays as they play catch-up, and that's China. Two Chinese contractors are preparing for collection tests in the next year or so trying to replicate what TMC and our partner Allseas achieved in 2022. China has also built up an entire city around deep sea mining, having spent billions on the Sanya Deep Sea Technology City. China is also using deep sea mining as an incentive to influence geopolitics in the Pacific. After we ended our contractual relationship with Marawa, it was reported that China was exploring a deep-sea mining partnership with the nation of Kiribati. And in February, China signed an agreement with the Cook Islands, which focused on deep sea metals. Following that surprising move, New Zealand, which is in free association with the Cook Islands, announced that they would consider withdrawing their support for a moratorium on deep sea mining.

It's increasingly clear that deep-sea mining is at the center of geopolitics in the Pacific. Elsewhere in Asia, there have been encouraging headlines out of South Korea, Japan and India with respect to their support of and interest in deep-sea mining. The increased focus on seafloor resources from some of the world's top economies could also have a positive impact on the total addressable market for our announced services business. In fact, we've had multiple reverse inquiries already this year on potential future work. But in the meantime, it is an all-hands-on-deck focus on getting our applications over the line. To that end, we believe that the United States is getting ready to retake its role as a leader in this industry, and to provide explicit support for the collection of polymetallic nodules.

So the headlines for support from the U.S. including Marco Rubio's announcement that Gerard shared have been clearly building. But why would the new administration care so much about seafloor resources, particularly polymetallic nodules? The answer is simple: because they can help establish metal independence, and they are the critical missing piece for U.S. reindustrialization. Here, China continues to dominate and has shown an increasing willingness to ban exports to the U.S. It's clear that American reindustrialization simply cannot depend on Chinese metal production.

So to give you a sense of scale, what would it mean for the U.S. to gain access to, let's say 1 billion tons of nodules. The answer is it would be transformational. If measured by current U.S. consumption, 1 billion tons of nodules would provide 456 years of manganese, 165 years of cobalt, 81 years of nickel and four years of copper. Nodules are not some marginal solution, they can in just TMC's contract areas alone solve U.S. needs for several metals deemed critical by the U.S. Geological Survey.

It's worth remembering that it was U.S. companies and the U.S. government including NOAA, which pioneered the evaluation and development of this resource in the 1970s. The U.S. government developed a regulatory framework and conducted a strategic environmental impact assessment. U.S. companies including Transocean, Lockheed Martin and U.S. Steel, developed and piloted nodule collection and nodule process technology.

This U.S. leadership slowed, however, when the U.S. did not ratify the UN Convention of the Law of the Sea. However, the U.S. did have foresight to enact DSHMRA so that U.S.

citizens and entities could access seabed resources in international waters. U.S. entities can apply to NOAA for exploration and commercial recovery licenses. And because the U.S. has never submitted to the jurisdiction of the ISA, this U.S. law remains in full effect, even if the U.S. does eventually adopt the final mining code.

There are a few handfuls of nations that do have bilateral agreements with the U.S. regarding each other's activities in international waters. But generally, beyond that, U.S. law continues to offer freedom of activity in the high seas, just as it did prior to UNCLOS ever being contemplated. And leading experts on the law of the seas, such as Steven Groves, agreed that applying for a commercial recovery license through DSHMRA and NOAA is a viable path based on robust and well-thought-out regulations.

Steven Groves is with The Heritage Foundation, a leading D. C. think tank, as well as a former staffer for the White House Counsel's office during President Trump's first term. In fact, it was about one year ago to the day that we were talking about Steven Groves in a segment on 60 Minutes discussing the law surrounding deep-sea mining. It was a critical minerals arms race discussed in that piece between the U.S. and China, and that arms race has only grown more intense. Quite simply, DSHMRA remains law today for the exact same reason as it did when it was passed into law during the cold war in the early 1980s: national security.

So let's step back and compare the U.S. regulatory regime to what we've experienced recently at the ISA. From our perspective, the U.S. regulatory regime is more attractive than what's currently on offer. If you look at the ISA draft Mining Code, the international regulatory regime has had issues from the outset. UNCLOS was not deemed commercially viable for deep sea mining initially, and it took another 14 years to negotiate an implementation agreement to comprehensively modify the part of UNCLOS that was dealing with deep sea mining.

It took a few years to put the exploration regulations in place. But the exploitation regulations have been in negotiations since 2014, and the process is still ongoing. By contrast, the U.S. adopted DSHMRA in 1980, laying a solid foundation for U.S. citizens to pursue exploration licenses and commercial recovery permits in international waters. As a non-signatory to UNCLOS and a conscientious objector, the United States believes that mining of the deep seabed resources is a freedom of the high seas. DSHMRA then authorized NOAA to develop implementing regulations.

That same year, NOAA delivered regulations for exploration licenses. It took NOAA, a little over 6 years to put in place regulations for commercial recovery permits. It was an intense consultative process with several rounds of comments including from other agencies, industry, NGOs and other stakeholders.

In terms of regulatory approach, NOAA recognized the difficulty of being prescriptive with regard to an industry that had not started. So unlike the ISA, they've explicitly chosen a flexible approach that can be adapted to the specific technology and circumstances of each applicant through terms, conditions and restrictions. NOAA's

approach is common sense, explicitly recognizing the trade-offs versus other resource types and drawing the red line at irreparable environmental harm and aiming to avoid significant adverse environmental impacts.

Importantly, NOAA expects to engage with applicants pre-application to reduce application-related uncertainties and is committed to providing written, binding guidance. To that end, TMC USA has already initiated a detailed request for a pre-application consultation with NOAA. Perhaps the biggest difference between the ISA approach and the NOAA approach to environmental permitting is where the regulator takes a much heavier role. NOAA has created programmatic environmental impact statements for the DOMES region that covers all of the Clarion-Clipperton zone. It takes the applicant's environmental data and analysis but then develops in-house or hires a third-party consultant to develop a site-specific EIS.

So we believe the U.S. and the NOAA approach to environmental permitting has been put in place for very good reasons. Since NOAA or a third-party contractor prepares the site-specific EIS, it ensures the analysis is unbiased and not influenced or perceived to be influenced by the interest of the applicant. This approach provides protection to the applicant as well because this transparency can help build public trust during the public review and comment period. This can also help build confidence amongst investors and other stakeholders who want to ensure that environmental risks have been assessed with due care. Finally, it offers a level of protection to the applicant legally and financially as the independence and transparency of this process can further reduce the risk of future delays, fines or lawsuits.

So taking a step back. Beyond the carefully thought-out regulations, NOAA also helped pioneer the environmental assessment of potential nodule collection. In addition to its monitoring of 1970 trials by several U.S. companies, NOAA conducted several seafloor disturbance experiments, as did other leading international research institutions. From these studies, which revisited impact sites repeatedly over a 40-year period, we now have extensive data that address a common and misleading claim from activists that we don't know enough. Thanks to these studies, we do know how the ecosystem responds and with multiple papers showing that recovery is not only possible but likely and within just a few decades.

The DISCOL studies, which used a plow harrow attached with blades to rake the sea floor, and the different studies using NOAA's Deep Sea Sediment Resuspension System, all show varying levels of recovery within just a few years. Based on a review of the studies conducted to date, full recovery of the microbes that make up 70% to 80% of the life of these depths can be expected within 50 years. This is a very encouraging result. Though new data including our own suggests that these timelines may be quicker still. And remember, these studies were all carried out using equipment designed for one purpose -- to create the maximum disturbance.

Since those early pioneer trials, much effort has been devoted to ensuring that the environmental footprint of nodule collectors is reduced as much as possible. Back in

1979, the OMCO mining consortium piloted their robot miner with an intrusive Archimedes screw style propulsion system, raking several hundred tons of nodules from the seafloor with mechanical tines. The robot disturbed the top up to 80 centimeters of sea floor sediment, leaving deep furrows in the sea floor and blanketing nearby fauna in thick layers of mud. Fast forward to 2022, and the gentler Coanda nozzles installed on our tracked collector vehicle disturbed just roughly the top three centimeters of sediment during the test mining campaign and over 95% of that settled within one kilometer of the test area.

Of course this is a very different picture to the one painted by those opposing this industry who spread baseless claims that sediment could travel tens of thousands of kilometers. Unfortunately, for them, we have the data, and it shows these claims are pure fiction.

We'd like to, of course call out our engineering partners at Allseas for their incredible efforts these past few years to reduce the impact footprint of our collector vehicle, while ensuring we collect the maximum quantity of nodules. And as we look ahead to commercial mining and as the industry grows, you can expect that these impacts will only get smaller.

And while the media has, as expected, focused on the continued presence of tracks on the seafloor, which says absolutely nothing about recovery, we believe the new paper's findings are very encouraging. Four decades after the disturbance, a near total recovery of sediment-dwelling macrofauna and foraminifera have been measured in both the vehicle tracks and areas affected by the plumes and the xenos, which provide a hard substrate that other organisms can live on, and they've already recolonized the area.

In the case of the plume, which MIT retrospectively modeled, researchers reported that it had no detectable or in some cases, slightly positive biological impacts. Don't expect Greenpeace to mention that one anytime soon. And by the way we feel bad for them for the loss of that lawsuit. We have always been clear that our primary impact will be for those organisms on nodules that get collected. But as this study showed, nodules that get left behind can be quickly recolonized with megafauna present on retained nodules. This is very promising as if we leave some nodules, as we intend to do with at least 30% left at the sea floor, then these will be available as habitats for organisms to take over.

So how does this compare to our own findings? While yesterday's study measured recovery in four decades, preliminary data shows that we can do far better, thanks to the lower environmental impact of our vehicle. Our team has already found that foraminifera directly located in our collector tracks and in the plume areas have recovered 30% of background density in just 12 months and to 50% of pre-disturbance diversity. And as we look ahead to application, we'll be releasing these findings and much, much more.

We can tell you it's quite incredible what our team are finding. And findings like these are made possible by the fact that no matter where an application is lodged is going to be backed by one of the largest deep-sea environmental datasets ever compiled. Based on

work alongside dozens of respected research institutions and over 200 million in cumulative environmental spending. We have now gathered over one petabyte of data through the scientific research.

To give you a sense of scale, the largest library in the world, the U.S. Library of Congress, manages about 20 petabytes of data in total. Bottom line, we believe that we, along with research pioneers from NOAA and others before that, have answered all of the key questions posed for our environmental impact statement.

We strongly believe that the time has come to move forward, begin production and allow even more evidence to be shared with the entire world. So given the magnitude of today's news, we expect many of you are going to have questions regarding the workings of DSHMRA, implications for the ISA process, impacts on economics and timelines and many, many others. We promise that over the coming weeks and months, we will continue to put out information to help everyone get up to speed.

For now, and in addition to this call's upcoming Q&A, we provided some answers here to anticipated questions. To summarize a few of them, yes, we believe we can pursue exploration and commercial recovery permits concurrently under DSHMRA, and there could be opportunities to expedite certain elements of review processes. The environmental work done so far is very robust, and we don't anticipate any additional campaigns needed prior to the launch of our U.S. applications. Even when the ISA adopts a mining code as the U.S. has not ratified UNCLOS or joined the ISA, the contracts issued under DSHMRA are going to stay in effect. While some describe DSHMRA as a temporary or interim measure, this law remains in full effect 45 years later. Perhaps some of the drafters had expected the U.S. to ratify the Law of the Sea Convention, but that didn't happen, and it's not likely to happen anytime soon.

Finally, as you might imagine, the release of our PFS or pre-feasibility study does require the sign-off of quite a few qualified persons or QPs. And given the context of today's announcement, it's prudent for us to discuss certain assumptions with them at a bit more length. This also applies to the timing of our strategy day. We do, of course still intend for that longer form session to occur. But as you can imagine, we've been laser-focused on pursuing this new path in the last few months. So what do these actions mean for NORI, TOML and our sponsoring states? Well we've consulted on this application strategy with these sponsoring states. In fact, Gerard spoke just last night with the President of Nauru and the Prime Minister's office in Tonga. Our relationships with our sponsoring states are excellent, and we continue to respect our agreements together.

Regarding the specific areas of where we'll apply, the scope of the upcoming applications is under careful consideration, and we'll continue to discuss the strategy with our sponsoring states. For what it's worth, DSHMRA exploration licenses can be granted up to 150,000 square kilometers. Yes. We are still planning to lodge an application over the NORI area in June of 2025 but we've not yet determined with which regulator. So even after a U.S. application is launched, we still retain the NORI and TOML exploration

contracts, and we fully intend on remaining compliant with the requirements of those ISA contracts.

So on to the financial results. In the last quarter of 2024, TMC reported a loss – a net loss -- of \$16.1 million or \$0.05 per share compared to a net loss of \$33.5 million or \$0.11 per share for the same period in 2023. The net loss for the last quarter of 2024 including exploration and evaluation expenses of \$8.3 million versus \$26.7 million in Q4 2023. General and administrative expenses of \$8.1 million versus \$6.6 million in Q4 2023. Exploration and evaluation expenses decreased by \$18.4 million in the last quarter of 2024 compared to the same period in 2023 mainly due to a decrease in the cost of environmental studies as Campaign 8, which commenced in the last quarter of 2023, was completed in the first quarter of 2024.

Also, there was a decrease in mining technology and process development costs due to lower transit and layup costs in the fourth quarter of 2024 compared to the prior year period. This decrease in exploration and evaluation costs was offset by an increase in share-based compensation costs reflecting the amortization of the fair value of restricted stock units granted to officers in the second quarter of 2024. G&A expenses increased by \$1.5 million in the last quarter of 2024 compared to Q4 of 2023, mainly due to an increase in share-based compensation costs as discussed and an increase in consulting and advisory costs.

Other items impacting the Q4 movement in 2024 is higher fees and interest on the credit facilities in 2024, offset by foreign exchange gain year-over-year.

In the fourth quarter of 2024, net cash used in operating activities was \$13.8 million compared to \$15.2 million for the last quarter of 2023. The lower spending in Q4 2024 reflects mainly lower spending on project development and environmental studies as compared to Campaign 8 spending in Q4 2023 and due to changes in working capital levels year-over-year. The free cash flow for the last quarter of 2024 was negative \$13.9 million compared to a negative \$15.6 million in the last quarter of 2023. Free cash flow is a non-GAAP measure and I'd point you to the non-GAAP reconciliation table included in the slide deck and on our website.

We believe that our cash on hand and the undrawn amount of \$41.5 million from our unsecured credit facility with Gerard Barron, our Chairman and CEO; and with ERAS Capital will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months from today.

During the fourth quarter of 2024, the company entered into a registered direct offering, issuing 19.9 million common shares and 9.95 million Class B warrants. The share issuance was completed in February of 2025 and the company received all gross proceeds of the \$19.9 million. In the last quarter of 2024, the company also drew \$2.5 million from the working capital loan from Allseas. Our accounts payable and accrued liabilities balance at the end of 2024 of \$42.7 million majority includes \$25.8 million owed to Allseas for various services provided and the majority of that can be settled in equity at

TMC's election. TMC's liquidity, which we define as cash plus borrowing capacity, stood at \$62 million at December 31 or \$48 million pro forma for the credit facility amendments and full receipt of the registered direct proceeds in the first quarter of 2025, where the final \$5 million came in.

In Q1 2025, we increased the principal amount of our unsecured ERAS/Barron facility by \$6 million and the credit facility with an affiliate of Allseas of \$25 million was terminated by mutual agreement in March as maturity was approaching in the third quarter of this year and no amounts were outstanding. However, the maturity of the \$7.5 million Allseas working capital loan was extended to September 2025.

With that, Operator, we would like to turn it over to the line for some Q&A.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Matthew O'Keefe with Cantor Fitzgerald.

Matthew O'Keefe^ Thanks, Operator. That was a lot. So just help me through the DSHMRA things here a little bit if you may. So this is a different -- it's a sort of a different regulatory body as you've described. Your licenses were issued to you under UNCLOS with your supporting sponsor states. Will the application under DSHMRA be for these license areas or different license areas that are currently -- because I think they have four license areas under DSHMRA. Are these overlapping? Or are they separate? How are we supposed to think about this?

Gerard Barron^ Yes. I'll have a first crack at that. So there's an important concept for everyone to get their mind around, and that is the freedom of the high seas. So of course what happened when they were agreeing UNCLOS was that the United Nations member countries wanted to join a treaty when it came to the extraction or development of metals in the high seas. However while 168 countries plus the European Union have now joined that treaty. The U.S. stood fast and said we are not going to join that treaty.

So essentially, the freedom of the high seas covers minerals, it covers freedom of passage it covers cable laying and so on. And so America will argue that they will have access to those waters under the freedom of the seas treaty that any member country of the International Seabed Authority would have over those areas as well. We haven't announced today exactly which areas. We're still in dialogue, both internally and externally, and we will, in the pre-consultation process that is underway with NOAA. We will also be seeking some advice there. However what we want to do is to take advantage of all of the work we've done for the last 14 years.

So this will not be 'let's start again'. This is about what pathway can get us into commercial production, the fastest way. And as we went at length in the presentation to talk about, there's no easy path here on the environmental oversight either. In fact, we think the environmental regulations as laid out under DSHMRA are sensible, workable

and very, very thorough. So stay tuned on us to announce once we formally lodge those applications and you won't have to wait long for that.

Craig Shesky^ And Matt, too, we also recognize just how much of our valuation is pinned on the work that's been done with NORI and TOML and we've got a defined resource. We've done test mining, we've done test processing, we've done environmental work in those areas. So yes, for us, that is obviously the key question, and we look forward to sharing more with you. But this is not something where we're just saying, okay let's go out and cobble something together. This has been well thought out, and we feel this is going to take advantage of the work that we've already done in consultation with our sponsoring states.

Matthew O'Keefe^ Okay. Okay. So more to come there. And can I ask, and maybe this is getting a little too ahead of where we are, but if you were to decide to get approval through a different path, your partner, Allseas owns the vessel. They're not -- I mean the vessel is in the U.S., it's not a U.S.-based company or maybe it is, I don't know if they have a U.S. arm or not. But I mean could they legally participate as a partner in this situation?

Gerard Barron^ Yes, absolutely. Yes. There are some nuances with DSHMRA and one of them is that the production vessel needs to be U.S. flagged. So we have with Allseas already looked into that, and that is a pretty straightforward process. And of course the applicant that has kicked this off is our U.S. subsidiary that we established in 2013.

Matthew O'Keefe^ Okay. Cool. And maybe I'll ask one more. This is the first time of course investors are hearing of it. Has this idea been raised with the ISA, as they're meeting right now? Or is this -- they are going to be -- are they just hearing about this now as well?

Gerard Barron^ Yes they are hearing about this just now.--

Matthew O'Keefe^ Okay. Okay. So we'll wait for the minutes from meetings tomorrow. I could see some reaction. Okay. I'll leave it to -- open to some other questions and if I have another, I'll jump back.

Operator^ Our next question comes from the line of Jake Sekelsky with Alliance Global Partners.

Jacob Sekelsky^ Just to confirm, building on the last question a bit. Is the NOAA process a complete shift in the permitting pathway from the ISA pathway or more of a secondary avenue or primary avenue alongside the ISA process?

Craig Shesky^ Yes, Jake, it's definitely a new path, and we view it as advantageous and the best chance of success. But this is not one door closing, another opening. This is, in our view, it's an incremental path forward, and we view a better path forward. It just so happens we built on 45 years of work and a bunch of environmental work from NOAA,

it's just been sitting relatively idle for some time. But the legal precedent is there. It's always been there and what has been missing is the political appetite in the United States to take advantage of it. That's the main change that has come with this administration.

So there's no new legislation that has to come. There might be some adjustments I would say to aspects of the regulations, perhaps as you've seen for critical minerals projects throughout the U.S., with views about permitting perhaps being accelerated in some circumstances. But this is something where it's been on the books for a long time. What's been missing is the political appetite, and that's what's changed. That's what's changed with the new election. So this, frankly, has been a door that opened to us. And after the November election, we engaged in the diligence required to make this decision, and we think very strongly, we're making the right decision.

Jacob Sekelsky^ Okay. That makes sense. In building off that are you able to provide any color on what this new process looks like, key milestones or even a high-level timeline? Or is it a bit too early at this stage?

Gerard Barron^ We have a very strong sense of it already. But with respect to the dialogue that's underway with the permitting agency now, we'll come back to you with more on that. As we mentioned in the presentation, the first thing is it's a 2-way consultation. That's a really important step forward when you're trying to permit a project. And so that's refreshing from our perspective. The fact that we can sit with the regulator and that there is a formal process, which they outlined in the regulations that applicants can follow. And of course the very unique thing about our application and hence, why we talk about a recovery permit as well, is that we have all this amazing data. We have an application that is coming to completion. The work is very consistent as follow-on work to what was done under NOAA oversight back in the '70s and '80s. So it's an alignment of stuff.

Jacob Sekelsky^ Got it. Okay. Then just lastly, with all that being said, and I think Craig, you touched on this. How does it impact the timeline of the upcoming economic study? Is this still something we should expect in the first half of the year? Do you think it will spill into later in the year?

Craig Shesky^ No. We are still expecting it to be wrapped up and certainly in advance of our applications to the U.S. So nothing has changed on that front. And as we've reiterated, you're going to see the applications in June. It's just now that we have, in our view, some very interesting paths forward there. But that -- obviously that economic analysis is important for the U.S. as well, not just important for the ISA application. So while the new path obviously brings up additional points that we're discussing with our QPs, it's still on the front burner for us.

Operator^ Our next question comes from Dmitry Silversteyn with Water Tower Research.

Dmitry Silverstejn^ I just want to follow up on a couple of things. So first of all, on the environmental impact study, you said you're working on that now. I'm assuming that's going to be completed around or before the time you complete the economic capability study and the application submission in June or is this something that's going to happen in the next few weeks?

Gerard Barron^ One of the things on our economic study is that a lot of the work has been done. But of course we were just going through getting expert sign off as is necessary under SK1300 requirements and with any PFS. When it became obvious some of the other options in front of us. So it was deemed that we should just be a little bit cautious around that. But the environmental writing is going at full speed. The environmental data has been flooding in. We held our last key environmental conference back in January in Brisbane, Australia. The team are popping the stay-awake pills, working very long hours and very motivated by what they're doing because, obviously it's all of this data that we've been gathering for so many years is now coming together as a comprehensive picture.

So they are happening side by side, Dmitry.

Dmitry Silverstejn^ Understood. I understand. I just want to make sure I get some clarity on the application to the U.S. government. So assuming that goes through and you are given an exploitation license, what area are you going to be given the license to? It's not the TOML and NORI-D area, right? It will be some other area of the CCZ.

Craig Shesky^ As we said, Dmitry, we are going to make that clear alongside the consultations that are ongoing with our sponsoring states. But based on DSHMRA laws, there is a potential for overlap.

Dmitry Silverstejn^ Okay. Got it. Great. Then you mentioned in the press release that you've terminated your contract with a third sponsor state. What was the thinking in that? I know you haven't talked about it a lot in your presentation, it was always sort of a kind of a back burner, we'll get to it at some point type of a deal. But what has changed and why the termination now?

Gerard Barron^ Yes. So look, we put that into our filing back in November. We didn't get a lot of inquiry about it actually until recently, it was reported that Kiribati were talking with China about stepping into our shoes there. Look, it came down to priorities. It came down to the fact that we have two very prospective blocks in NORI and TOML. And we had to decide where to focus our resources and those blocks require money to be spent on them. They require us to lodge 5-year plans and to do work programs.

We had also done some exploration work and some of the results weren't the most encouraging on those blocks. I think that's one of the things that one needs to remember what The Metals Company has. We have a defined resource on the NORI and TOML ground. And not all license areas are equal. The grades may be very consistent, but the abundances are not. So it is generally regarded that NORI and TOML are some of the

very best ground out there. We know it more. And hence, Craig's answer to your question about overlap. There certainly is the prospect of some overlap in that.

So yes so our thinking with Marawa] was we knew that there were other parties interested to work closely with Kiribati. Kiribati are a great partner to have, they're a great developing country. They do recognize One China. And it didn't surprise me when I learned that some of the interested parties were from China. I heard the ambassador mention that in some media reports in recent weeks.

Dmitry Silverstejn^ Understood, Gerard. Then last question. You mentioned in your comments about your service business getting some inbound inquiries and seems to be well received. Is this something that we can expect some results from in terms of revenue and profits in the next, I don't know 1 to 2 years? Or is this still sort of in the development stage and just see how it goes kind of stage?

Gerard Barron^ Look, we're excited about it. We have built so much expertise around this industry. Our people are approached all the time with job offers to go and work elsewhere, but they like working at The Metals Company. They know we do high-quality science.

I think a lot of the services are focused around the environmental work programs. We also know a lot about defining these resources. That part of the business led by Tony O'Sullivan, we've done more resource definition work than any other contractor very, very successfully. We also, during the middle of Covid, ran nine offshore campaigns without losing a single day to illness. That's nine campaigns across 2 years.

So these are really challenging tasks, which we have been able to complete very successfully. So it makes sense that we keep our team together. We do think that there will be a lot of services opportunities in the coming years, and we want to take advantage of that. And we have some very, very interesting conversations, which can range from pilot mining using the Hidden Gem, which would obviously be something that we would have to collaborate with Allseas on very, very closely.

Of course, putting the Hidden Gem out to pick up nodules involves a lot of environmental planning as well. So there's some very interesting work scopes available to us. But of course, today those people are very busy on our own application. So we have had to turn away some opportunities simply because we need to get this application completed.

Dmitry Silverstejn^ Okay. So it sounds like maybe second half of the year when you have a little bit more free time with your people and equipment. Some of these may actually turn into contracts?

Gerard Barron^ Yes. That's right. The business development function inside the business is chomping at the bit, whereas the scientists and other people are going 'just slow down, we can't take anything more until we get this application out the door.'

Dmitry Silverstejn^ Got it, Gerard. That's a nice problem to have.

Operator^ (Operator Instructions)

Craig Shesky^ In the meantime [Liz], I think we're going to take a question from the webcast. Eric Goldstein asks a question, can we discuss our current finances, where do we expect liquidity to be at the end of Q1? We did note roughly \$43 million of liquidity at the time of this filing.

So look, the overall point here is that the element that, in our view, has been holding back the valuation of our stock has been the lack of regulatory certainty. Our view is that based upon DSHMRA and along with NOAA and frankly, the support of this administration and Congress it should be pretty clear to everybody that this is an industry that the U.S. wants to get into, and the good news is they already have the legislation to do it.

So for us, what we want to do is continue to be very cautious stewards of capital. If we get to the point where regulatory uncertainty is no longer there and, you know, things are moving along at a very fast clip, let's say through the U.S. process, well that may put us in a different financial position. But what remains is what we told the market late last year that we are not going to be raising a lot of money for pre-production capital spending until such time as we have that regulatory certainty. But that doesn't have to be through the ISA.

We've heard from many investors, who have said look if the U.S. administration took real action here that could be something to get people off the sidelines. We think after months of consultations, as you've seen, certainly on social media, Gerard and I have spent a lot of time and the rest of our team, Erika Ilves and Kristin Hengstebeck and everybody heading down to Washington, D.C. to have diligence sessions and to make sure that we are kicking the tires on all of these legal questions.

This was made after many, many months of detailed conversation, including with our Board of Directors. So we view this as a path that can truly unlock regulations and allow us to move forward into commercial production. But it doesn't change the fact that we do need to show that regulatory certainty before we're going to be out there raising tons and tons of money and spending it on pre-production capital.

So that perspective on our finances has not changed, and that's why we've had some modifications to our credit facilities to kick out maturities and ensure that they are rightsized for what we need to do to get these applications over the line. But the basic spending and what we need to do to get the applications ready doesn't really differ that much from what was necessary to prepare for the ISA and that's in part because we've already front-end loaded much of that work, and we've done the test mining. We've done the test processing, and we've also done all of the environmental research campaigns.

So from a financial perspective, I would say we are looking forward greatly to the point when these applications are over the line, and we can show the market that regulatory certainty, frankly, that's been missing over the last few years as a public company.

Operator^ I'm showing--

Craig Shesky^ Yes. Sorry, [Liz], is there anything else on the line for questions?

Operator^ No phone questions at this time.

Craig Shesky^ One more question actually from the webcast. Somebody asked, they're not clear whether or not we're going to submit an application contract on June 27 with the ISA. Gerard, do you want to reiterate what we said on that?

Gerard Barron^ Well, what I will say is what we said earlier in the call and that is we will keep our standing with the ISA, and we will preserve our rights there. We will have an application ready on June 27 but we are undecided where that application will land. But the factor that will drive that is permitting certainty.

Craig Shesky^ Okay. Well I think that's it for the conference call today. Perhaps we'll turn it back over to Gerard for any closing remarks.

Gerard Barron^ No. I'd like to thank everyone for attending today. I'd like to thank my team and my Board for the support, our partners who work with us and our shareholders who have been amazing supporters on this journey as a public company and before that as a private company. We're greatly encouraged by all of the stars aligning right now and the environmental results coming through are offering us tremendous encouragement. I hope this news will be able to see this industry in production and supplying metals with the lightest planetary and human touch as quickly humanly possible. Thank you very much.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.