The Metals Co (Q2 2025 Update)

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Corporate Speakers:

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

Participants:

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

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the Metals Company Second Quarter 2025 Corporate Update Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. I'd now like to turn the conference over to Craig Shesky, CFO of The Metals Company. Please go ahead.

Craig Shesky^ Thank you, [Liz]. Please note that during this call certain statements made by the company are going to 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 and additional details regarding these non-GAAP financial measures including reconciliations to the most recent directly comparable GAAP financial measures can be found in our slide deck being used with this call.

You are welcome to follow along with our slide deck or if joining us by phone, you can access it at any time at investors.metals.co. And I'd now like to turn the call over to our Chairman and CEO, Gerard Barron. Gerard, please go ahead.

Gerard Barron^ Thanks, Craig, and thanks to all of you for attending. So firstly, I want to acknowledge everyone who made the pilgrimage to New York for our first-ever Strategy Day on August 4 last week and that includes my leadership team, the Board of Directors, our new and long-time strategic partners, our sponsoring states, our research analysts, institutional investors and a select group from our army of retail investors.

I believe this experiment was a resounding success, probably the single most exciting workday that I've ever experienced. And if you were not part of it this year, fear not, we intend to repeat this on an annual basis, getting bigger and better each time and as our coalition of investors and partners continues to grow. Just make sure you hold enough TMC shares when the invites go out.

So the day was passed with meaningful conversations including a deep dive into our partnerships with an exciting panel including Edward and Stephanie Heerema of Allseas and Korea Zinc Chairman Yun B. Choi. And in true TMC style, the evening ended on a high note quite literally with a spirited Karaoke party.

The Strategy Day also featured the ringing of the NASDAQ closing bell which our NASDAQ rep said was one of the most enthusiastic and well attended that they have ever had. And this moment gave me an opportunity to reflect on what's happened in the previous four years since we last rang that same bell. And I keep coming back to our key TMC motto, adapt or die. And it's not just that we've been able to adapt to a capital-light approach.

It's not that we've been able to adapt to a new regulator. It's that amidst all of this adaptation, we've been able to keep the project moving forward, while so many others have been stuck at zero.

And this now puts us in a unique position where we have a wide moat around the business, due in part to all of the project spending and historic milestones over the last 14 years, but also because we're one of the unique companies with competency in this new industry that can actually take the path offered by the existing U.S. seabed mining code.

Many others have no choice but to wait for the long promised and never delivered ISA mining code. And I believe that the pace of our progress is only going to accelerate from here with a PFS in hand as the only commercially viable deep seabed resource opportunity in the next several years, for any potential customers, commercial partners and of course, public shareholders. Make no mistake, TMC is here to stay, and we are just getting started.

Another highlight of August 4 was the release of our PFS and Initial Assessment. Two documents with sign-off from qualified persons showing a combined project net present value of more than $23 billion while also showing a clear capital-efficient path to first production. The PFS also included a world-first reserves for a nodule project.

Now I do know that there are some who may have been hoping for production sooner than Q4 2027 expected start date. Well first of all, as anyone familiar with resource investing will tell you, Q4 2027 is right around the corner when talking about a multi-decade project of this scale and value.

It's also important to keep in mind that there has always been an anticipated ramp-up period post permitting, where modifications and mobilization with the hidden gem would

be required prior to beginning commercial production and this anticipated ramp-up period has always been expected by the research analysts who cover our stock.

In fact, last year in November when the share price was below $1, we discussed the fact that we would not be making capital investment on the Hidden Gem until we had regulatory certainty.

We're now excited to be ramping up this work again and with our partner, Allseas, and instead of a sequence where that work begins after the grant of a permit, we and the Board soon expect to have the confidence to get moving. And this is due to the signals and tangible progress coming to us from DC, not just to issue a permit but do it in a way that can be legally defensible for many decades to come.

So today's agenda. First, we'll take you through a summary of all the amazing things that have happened in the last few months including the strategic investment from Korea Zinc.

We've also renewed our partnerships with Nauru and Tonga, reaffirming our shared science and rules-based approach to delivering lasting benefits for the Pacific nations, while building the secure, critical mineral supply chains underpinning reindustrialization, good jobs and resilient economies.

I will then discuss our cadence of regular, predictable progress at NOAA including our notice this week of full compliance on our exploration applications. And I'll then turn it over to Craig to discuss the PFS, the IA, and our financials.

Well, I'm happy to again report that we have renewed and strengthened our agreements with both the Republic of Nauru and the Kingdom of Tonga, our long-standing sponsoring states who have led from the front since the beginning. And these updated agreements reaffirm our shared commitment to a science and rules-based approach to developing this new industry, setting a high bar for environmental stewardship, transparency; and community benefit.

To Nauru and Tonga, these partnerships are designed to deliver durable economic opportunities, capacity building and long-term revenues that can support generations to come. They provide the stable collaborative partnerships we need to responsibly advance towards first production while also contributing to U.S. and allied efforts to secure resilient supplies of critical minerals.

On a personal note, I very much enjoyed our meetings in D.C. with the Nauruan delegation on August 6, and it was great to see the U.S. State Department recognize the strategic importance of our sponsoring state.

In June, we announced a landmark strategic investment of $85 million from Korea Zinc, the world's largest smelter of nonferrous metals. Korea Zinc is positioned to use TMC

USA's nodule derived materials to produce refined metals, copper foil and pCAM in their existing facilities in South Korea and potentially build new facilities here in the U.S.A.

To further that ambition in August, I traveled to D.C. with Chairman Choi. Among others, we met with David Copley, the President's Critical Minerals Czar to discuss securing domestic supply chains and advancing U.S. mineral independence.

And I look forward to another visit with Korea Zinc on their home turf this September as we push on bringing additional investment into the United States. This quarter, we welcomed Michael Hess and Alex Spiro to the TMC Board, two highly connected leaders whose experience spans global energy, finance, law and high stakes negotiation.

Michael Hess spent time at Goldman Sachs and KKR and now heads the Hess Family Corporation and brings deep relationships across government and industry that will help accelerate our access to capital and strategic partnerships.

And of course, the Hess Family are recognized as one of the great industrial giants in the United States. Alex Spiro, one of the America's most prominent trial lawyers and strategic advisers has represented some of the biggest names in business and technology and his insight and network will be invaluable as we navigate the complex intersection of policy, markets and innovation.

And together, this board combines unmatched vision, credibility and connections, giving TMC the strategic edge we need to move NORI-D into production. This quarter, we continued methodically moving the regulatory ball forward under the U.S. Deep Seabed Hard Mineral Resources Act, a clear, enforceable framework that gives us visibility and confidence in our path to production.

I know it's not always quick enough for everyone, but just take a step back and reflect on how fast these milestones have been achieved since the initial applications were submitted just a few months ago.

In April, application submissions. In May, substantial compliance on the exploration license applications. And in July, proposed amendments to DSHMRA to expedite the process. And on August 12, NOAA confirmed full compliance for our exploration license applications, another important milestone that validates the thoroughness of our submission and moves us to the next stage in the process.

And I'm pleased to say that NOAA has begun the process of certifying these applications, a 100-day process that started on July 27 and July 28. Each regulatory milestone derisks the project and strengthens the investment case, and we are systematically progressing through a transparent U.S. regulatory process and with a clear path ahead toward first production from NORI-D in Q4 2027.

So, we're also looking forward to this Administration's proposed amendments to streamline permitting and supportive guidance from senior officials underscoring the U.S.

government's intent to lead in the production and processing of deep seabed critical minerals. The public comment period on these amendments will be concluded on September 5 this year.

And in contrast to NOAA's great progress in the last several months, I'd like to acknowledge that the ISA finished their 30th session this July, the ISA calls -- continues to keep calling for regulations, but doesn't seem to be particularly interested in delivering those regulations.

Keep in mind that NOAA had pioneered deep-sea environmental research and they've put in place working regulations prior to the ISA ever being formed. So on that note, I would like to turn the call over to our Chief Financial Officer, Craig Shesky.

Craig Shesky^ Thank you, Gerard. For those in attendance or for those who have reviewed the presentation during Strategy Day, a lot of this is going to be familiar, but there was quite a bit of detail. So I'm now happy to go through some of the key points in our historic landmark prefeasibility study and Initial Assessment in deeper detail.

Project economic studies come in three levels of increasing confidence: an Initial Assessment, which gives you a sense of what the product could be within a broad band of plus or minus 50% cost estimate accuracy.

We produced an IA in March 2021 over the NORI-D area. A prefeasibility study gives you a sense of what the project should be and then narrows that accuracy to within 25%. And last is the feasibility study that describes what the project will be with an even tighter cost accuracy band, and that's often the basis for project finance.

So on August 4, we published two new studies, a PFS for NORI-D and a new IA that covers the rest of the resource in NORI and TOML. Together, these two studies should give you a good sense of what our first project should be in the NORI-D area and what the rest of the resource can be in terms of economics.

So taking a step back and looking at the geographical areas that each study covers. The PFS covers NORI-D, the IA covers everything else, but neither study covers the additional ground that we've applied for under the U.S. law, where we know we have priority right. And our management team estimates these areas to have approximately 300 million tons of exploration potential, given the proximity to NORI-D and TOML-F areas where we do have quite a bit of exploration data.

So the results as of the middle of 2025: a total combined NPV of $23.6 billion, comprised of an NPV of $5.5 billion for the NORI-D area covered by the new PFS and on top of that, an additional $18.1B of NPV for everything else.

So let me zoom in a little bit on the feasibility study, or PFS. The estimated amount of recoverable nodules for the study is 164 million wet tons.

Assumed production start date is Q4 2027 with the life of mine just over 18 years. Annual production in steady state was modeled at 10.8 million tons of wet nodules and steady state for the PFS is defined as the years 2031 through 2043.

Offshore, this level of steady-state production is going to require four converted drillships. In onshore, we assume processing in existing RKEFs, rotary kiln electric arc furnaces in Asia and then building refining capacity in the United States.

We expect to start relatively small towards the end of 2027 then gradually meet the nameplate capacity of our first production system before adding a second vessel in 2030 and then ramping up to steady state with four vessels by 2031, hitting our nameplate capacity of 12 million tons per year in a few of years of production.

But again, on average, during that steady state, 10.8 million tons per annum. We expect to generate almost $600 per dry ton of nodules during steady-state production, defined as average production from 2031 through 2043.

As one might expect, it's not a smooth line: prior to the construction of U.S. refineries, the revenue per dry ton will be a bit lower, a bit less than $500 per ton in 2032, for example. And then by the end of the 2030s, with two U.S. refineries running, expected revenue per ton is approximately $640.

Overall, the revenue mix is expected to be quite similar to what we shared with the market over the last several years based on the Initial Assessment on NORI-D from 2021: 45% of revenue coming from nickel products, 28% from manganese, 17% from copper and at 9%, cobalt is the smallest contributor to revenue.

So where does all of that put TMC on the cost curve? Well including the valuable byproducts, which are estimated to account for about 55% of total revenue, our C1 nickel cash costs are just over $1,000 per ton, and that's lower than nearly all producers outside of Russia including most Indonesian producers. Even on an all-in sustaining cost basis, our nickel costs including byproduct credits, would be just over $2,500 per ton. Said simply, we will be profitable in nearly any nickel price environment.

With steady state revenue per dry ton of just under $600 and OpEx per ton of $340, which also accounts for corporate overhead and royalties, we arrive at our EBITDA margin per ton expected to be about 43% or $254 per ton during the steady state years defined as 2031 to 2043.

During that time of course, we expect to transition from mainly selling matte from Asia to then selling higher-value refined products like nickel sulfate, cobalt sulfate and copper cathode in the United States.

So the early 2030s would see EBITDA margins in the low 30s, but by 2040, that EBITDA margin is closer to 50%. And this anticipated ramp-up in profitability makes it

worthwhile to spend on the onshore refinery CapEx after we begin production while also taking a huge step towards helping the U.S. establish mineral independence.

So how are we going to develop these commercially viable operations? Well, the March 2021 Initial Assessment for NORI-D envisioned $7 billion of upfront CapEx, of which $2.2 billion was for offshore vessel CapEx.

For the prefeasibility study, we've been able to bring that offshore preproduction number down to less than $500 million for the offshore component. And where possible, we've assumed contracting the services we need and only deploying CapEx where without deploying CapEx ourselves, we wouldn't be able to get the service. And as a result, our development CapEx assumes $4.4 billion onshore for construction of the refining capacity to match the offshore production.

This approach ensures that we can deliver critical products to the U.S. as contemplated by NOAA regulations while significantly increasing our payables by producing a higher-value product, again, nickel sulphate, cobalt sulphate. Before any U.S. refineries are built, we have an opportunity to either give offtake to Korea Zinc for alloy and matte on the condition that process materials are returned to the U.S. or we toll through their facility and return processed materials to the U.S. ourselves.

Because we've not yet developed the definitive agreements with Korea Zinc, some of the production is left at the alloy and matte level. And as far as the U.S. refining capacity, well we're aiming to build that together. And many of the meetings that Gerard talked about and many that we expect to occur in the coming months are to give that effect.

But as I said earlier this month during the strategy day, we're not going to bite off more than we can chew. And we do expect to be in production and producing significant revenue prior to green lighting any such onshore spending.

In fact, approximately $4.2 billion of this $4.4 billion onshore CapEx estimate is assumed to be spent in the 2030s, well after we've been in production for some time generating significant revenue. Moving on to the Initial Assessment.

That second study shows the potential of the resource beyond NORI-D, effectively the rest of NORI and TOML. And the estimated amount of recoverable nodules for the Initial Assessment is 670 million tons wet, assumed production start date is 2037 with the life of mine of 23 years. This Initial Assessment assumes contracted services offshore with eight production vessels, each equipped with three collectors at 20 meters each.

So putting it all together, adding up the NPV of $18.1 billion for the IA and $5.5 billion for the pre-feasibility study. We arrived at the total estimated resource NPV of $23.6 billion.

And over the life of both projects on an undiscounted basis, revenue of approximately $369 billion and EBITDA in excess of $200 billion and a position in the first quartile of the cost curve that makes this model very difficult to break across any commodity cycle.

And yet, despite the undeniable quality and size of this resource and our expected position in the first quartile of the cost curve, we feel we remain undervalued compared to peer developers and explorers.

On the left side of this page, you'll see a TMC valuation example, which again is purely for illustrative purposes. -- using a slight premium to the upper end of the nickel developer and explorer valuations and you apply that to the PFS NPV of $5.5 billion, which keep in mind, in that PFS, we expect to have a more defensible cost curve position and generally lower CapEx per ton than many of those peers.

And then you add to that the average nickel developer or explorer valuation multiplied by the Initial Assessment NPV, you get to a total illustrative market value based on comps of approximately $10 billion, which would be over $20 per share.

From there, you can see on the right side of this page, what nickel or copper producers trade at as a multiple of net asset value. And this shows the potential for multiple expansion as production approaches and then begins.

So, moving on to our liquidity profile. At June 30, TMC had pro forma cash of approximately $120 million. Now the headline in our filings for both our press release and our 10-Q was $115.8 million, but that $120 million includes the final registered direct offering proceeds, warrant exercises and unsecured credit facility payments made just a few days after quarter end.

So by July 4, it was $120 million. And as we disclosed last quarter, our S-3 shelf registration statement capacity has been used and current ATM expires in the fourth quarter of this year.

So again, TMC expects to refresh the S3 and ATM before year-end as a matter of good corporate housekeeping. The ATM was last used on April 17, 2025, and this was prior to the second quarter strategic capital raises.

On to the financial results. In the second quarter of 2025, TMC reported a net loss of $74.3 million or $0.20 per share compared to a net loss of $20.2 million or $0.06 per share for the same period 2024.

The net loss for the second quarter of 2025 included exploration and evaluation expenses of $10.5 million versus $12.4 million in Q2 2024. General and administrative expenses of $11.5 million versus $7.9 million in Q2 2024 and other items totaling $52.3 million versus a slight gain in Q2 2024.

Exploration and evaluation expenses decreased by $1.9 million in the second quarter of 2025 compared to the same period in 2024, primarily due to a decrease in mining, technological and process development activities partially offset by an increase in share-based comp due to the amortization of the fair value of restricted stock units and options granted to officers in the second quarter of 2024.

G&A expenses increased by $3.6 million in the second quarter of 2025 compared to the second quarter of 2024, mainly due to an increase in share-based compensation as a result of the amortization of the fair value of RSUs and options granted to directors and officers in the second quarter of last year as well as an increase in consulting costs pursuant to the U.S. regulatory path and other financing activities.

Other items significantly impacting the net loss in the second quarter of 2025, include Nauru warrant costs, change in the fair value of warrant liability and foreign exchange movements.

Moving on to free cash flow. Free cash flow for the second quarter of 2025 was negative $10.7 million compared to negative $12.2 million in the second quarter of 2024.

Net cash used in operating activities was $10.7 million for the second quarter, primarily due to higher payments to campaign 8 vendors in the comparative period, and this was partially offset by an increase in environmental payments.

Free cash flow is a non-GAAP measure, and I would like to point you to the non-GAAP reconciliation table included in the slide deck on our website. We do believe that the cash on hand is going to be more than sufficient to meet working capital and CapEx requirements for at least the next 12 months from today.

In the first half of 2025, of course, we had a significant increase in the cash balance following the receipt of funds of $85.2 million from the Korea Zinc partnership, $35 million net proceeds from the registered direct offering, $14.8 million from the ATM use in the first half of the year and $6.9 million from various stock option and warrant exercises.

A portion of these proceeds was used to repay the $7.5 million Allseas working capital loan, along with outstanding interest prior to its maturity.

Our accounts payable and accrued liabilities balance as at June 30, 2025, was $47.1 million, and this includes $32.4 million owed to Allseas for various services provided, again, the majority of which can be settled in equity at TMC’s discretion.

The significant increase in warrant liability is due to the increase in the fair value of private warrants reflecting the significant increase in the company’s share price. So with that, Operator, we’ll turn it back over to you and take some questions from those on the line.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Jake Sekelsky with Alliance Global Partners.

Jacob Sekelsky^ So now that the PFS is out, can you just comment or provide some color on what work needs to be done in order to get through the feasibility level and maybe the timeline there?

Craig Shesky^ Yes. Look, I think the biggest thing that we're going to focus on is getting to our final agreement with our partner, Allseas.

Now that we see a clear regulatory path through the United States, the next step is really not just focusing on feasibility, but getting ourselves to the FID, the investment decision to begin ordering some of the longer lead time items to allow us to hit our target of Q4 2027 production date.

So it's been this interesting dance, this balance between not wanting to spend too early, certainly when the TMC valuation was much lower.

But now that we see clarity, making sure that we give sufficient ammo not just to Allseas, not just to ourselves, not just to the board, but also to the market to make clear that we expect the permit to be coming, and therefore, it makes sense to begin spending a little bit to get that production system ready to go.

So I would say, Jake, that's probably the number one important point. We also intend, of course, over the coming months to think through the financing mix of going beyond this first vessel and ensuring that we explore every opportunity that is now being presented by the U.S. government.

As you've probably seen, there's quite a bit more in terms of funding opportunities from various departments, whether it's within Department of Defense, DFC, EXIM Bank, Department of Energy. There was $1 billion allocated for critical minerals just this week.

So we're going to be very busy again with partners such as Allseas, Korea Zinc and potentially the U.S. government laying out what that timeline is going to be. But really focusing on that first vessel is priority #1.

Jacob Sekelsky^ Okay. That's helpful. And then on the permitting side of things under NOAA. Now that you're in the certification stage, what are the next major steps or milestones that we should keep an eye out for as we head into the second half of the year in 2026?

Gerard Barron^ Well I guess, the closing of the comment period. And I think the Administration and NOAA have made it very clear that they have introduced changes to those regulations to allow fast tracking of permitting. And so I think what you should

look forward to is good news coming out of the regulator. And I must say, considering this is the first live application that they've had in many years, NOAA have been amazing.

I think they are motivated and excited about the work that comes with this application. And of course, these rules of DSHMRA have been around for decades. And finally, the moment is here. And so I think what you can expect to see is those amended changes adopted.

And you can expect us to be having a regular cadence. Would I say we are in daily contact with our regulator. Probably, yes. Probably daily.

And so of course, the big part is permitting based on the environmental impact study. And of course, we've spent hundreds of millions of dollars and more than a decade gathering that data, which is amazingly compelling. And so look, we expect to have more information to be sharing with not only the regulator, but the broader public as we make that information available because what I can tell you is it's all good news there.

So I guess from a NOAA perspective, just more permanent certainty. And they want to see this resource in production. You saw the Critical Minerals Czar, David Copley, traveled to the Cook Islands recently.

We had a tremendous reception of the White House where they received not only Korea Zinc and their team, led by their Chairman, but also the Republic of Nauru. And the message that they are consistently seeing is critical minerals are important and seabed minerals are super important and the United States want to lead that race. And obviously we are the most advanced in that category. So it's a perfect coming together.

Operator^ Our next question comes from Heiko Ihle with HC Wainwright.

Heiko Ihle^ Thanks for highlighting your Investor Day earlier this month. I like the Karaoke session came up on this call.

Craig Shesky^ Hopefully, no photos or video, but thank you for attending Heiko.

Heiko Ihle^ You're still calling for first production in Q4 of '27 in your prepared remarks here, it was listed in the presentation as you know from the reports we've written, we think this is a doable timeline.

In your view, what main factors could either accelerate or slow down this progress in your view, like some societal regulatory factors that may not be quite as obvious to outsiders like me that don't talk to the government and the communities on a daily, weekly basis. And is there maybe anything that you would leave us with on how to build our models a little bit more accurately?

Gerard Barron^ Look, I don't think the government will give us anything other than encouragement to that date. What we announced to the marketplace was that, that timetable will take about two years, but you can -- clearly, we are receiving enough encouragement from the Administration and the regulator for our Board of Directors to start deploying that capital.

And I must say with the right rigors in place and for those people that were able to review our highly-qualified Board of Directors around these topics, people like Andy Greg, who've built more than $500 billion worth of capital projects in the resources space over his career at Bechtel.

We have a lot of expertise on that board that understand how to allocate capital and how to provide governance around that.

So what I can tell you is that we've got a very supportive Board of spending that money carefully, and we've got an amazing partner in Allseas who are equally committed to getting that boat into production. And we've also got an Administration who wants to get moving. And so I think I don't see anything on the regulatory side that should influence that.

Of course, there are supply chain issues, but that's our job with Allseas as our partner there, that's our job to manage that. And getting into production during the 47th Administration is super important.

And so, Sorry, I got disconnected for a moment. So I think all of the risks are just normal business risks, Heiko, and I think we're well equipped to be able to handle those along with our partners.

Heiko Ihle^ Fair enough. Building on that last question just a little bit. Earlier on this call you were talking about adapt or die. And I agree with your viewpoint of having a wide moat around the business, and you alluded to that as well earlier on this call.

Just thinking out loud here, given all the geopolitical risk factors and some of that was discussed earlier this month as well is there anything in particular that keeps you up at night? Or anything in particular or things have just come in a substantially better than you anticipated?

I mean because from the way we look at it, a lot of things were discussed earlier this month, where the support was substantially stronger than what anyone would have envisioned. I mean you literally had some of the government representatives present with you at the hotel.

Gerard Barron^ Look, I think there's been a lot of surprises to the upside. Heiko. And I think we knew some of the cabinet when they were in opposition of course. And so when the Trump Administration came into being, it was very encouraging for us to find people like Secretary Rubio take such a prominent role in the cabinet because he had written

letters and opined on this topic on our behalf, while in opposition as had many others in the cabinet.

And so we knew the support was there. But sometimes, you just -- sometimes you get surprised. And then we have -- we turn up at the White House.

And we're invited to the White House very regularly. And you turn up there like we did last week, and you find a room filled with all of the major departments that have the ability to contribute because the strong leadership coming out of the White House is saying, we want this to happen. And by the way, you'll notice every agency that can help you make it happen is in the room.

What do we need to do? And then, of course, a surprise to the upside is to find Korea Zinc who -- when I first met their Chairman was not convinced about the U.S.A. investment opportunity, but was very keen to get our material to supply his Korean facility.

But over time has become absolutely convinced that he can play such an important role in supporting the critical mineral needs of this Administration in the United States.

And he also produces some critical minerals that the U.S. Administration really wants like antimony and gallium. And so I'd say there are pleasant surprises on the upside. Just how the Administration is mobilizing how they want this to happen. And when I had the Chairman with me last week from Korea Zinc, we asked the Administration if they were at all worried about some of the criticism and they said, not at all.

Like it's clear we need to secure the supplies of these critical minerals for decades to come.

And so -- and of course, they have experts who have been appointed and that's I think one of the encouraging things about this Administration is that they have experts throughout that Administration, the political appointees that are taking the reins and moving.

I've never seen a group of people other than my own team, work as hard. And Senior Director Copley, had just returned from a quick visit to the Cook Islands. Two days to get there, two days back, he reminded me in the back of the bus, just so he could express the Administration's support for this new industry. And so yes, I'd say they're all really positive surprises to the upside, Heiko.

Operator^ Our next question comes from Matthew O'Keefe with Cantor Fitzgerald.

Matthew O'Keefe^ Just a question here on the feasibility studies, particularly for the PFS there. Looked very good. I mean we had some discussions on it. But I was just wondering, there is a capital -- sorry, there's about a $492 million CapEx to get you into the production that was outlined in the feasibility study.

So I'm just wondering I know in the past, and you've had Allseas because they're taking care of most of the ships and such have taken a big part of that. Do you have an idea of how that might be split among your partners? And will it and when we might get a sense of that?

Craig Shesky^ Yes. Sure, Matt. In terms of that $492 million and sort of the assumptions that go into it in a prefeasibility study, there is allowance for contingencies, some buffers, specific growth -- there are elements in there that for a point in time relatively conservative analysis may not ultimately end up being something that has to be cash flow out the door between now and commercial production.

What I would say in terms of bridging to here's the breakdown of what's TMC, what's Allseas. We've had the assumption that with our partner Allseas for several years of splitting that preproduction CapEx which we do believe is going to be much smaller ultimately than what was in the PFS.

But this is what we're all drawing our eyes to now with our PFS and IA release with the strategy day behind us with the applications over the line and now with a pretty clear path from the U.S. regulatory front, that gives confidence to us on Allseas to sharpen the pencils again and make sure that we hammer out those details.

So I think it would still be a little bit premature to give a more detailed breakdown on it. But suffice it to say that it's a priority for us and for them as well.

And I think that's evidenced by the fact that the Allseas founder, Edward Heerema and Stephanie Heerema came over for the Strategy Day and spent a lot of time talking to analysts and investors on that panel, kind of laying out why they've stuck with TMC through what have been some difficult times and have been key participants in nearly every major equity raise that we've done as a public company and even before that.

Matthew O'Keefe^ Yes. You've definitely got a lot of support in the -- both with your partners and your investor base, which seems to be growing. Just a follow on that though. You mentioned earlier in the call about the Department of Energy, Department of Defense, other U.S. institutions that are -- do have a lot of money now allocated for critical metals.

Are you in the -- have you looked at those -- I'm assuming you've looked at those programs, but are you actually applying for any? And would any of those monies be available or at least applicable to this first part of the (inaudible) ramp-up? Or would that all have to go towards sort of U.S. processing capability.

Craig Shesky^ I'm glad you asked that, and it's a great clarification. The answer is it's not just necessarily for funding the onshore component, but there are certain programs that can have cash available for the offshore side as well.

Now some of those programs, it's really -- it's not quite the same as it was in the Biden Administration where a lot of focus was downstream, but there are various programs that you go through a long application process and you might not hear for nine months.

Here, it's a lot more "all hands on deck" and perhaps it can be chaotic sometimes, but you get to the right answer, at least to get to the right people, a lot quicker. The reality is that even beyond DoD and DOE, there are certain programs where the folks who would be controlling the purse strings aren't yet even confirmed. And that confirmation is likely to occur in September or October.

So a lot of these conversations are going to ripen, but the answer is absolutely yes. We are pursuing potential dollars that could be made available for the offshore side as well. So we don't want to say too much on that because, obviously this is a path we've been pursuing for a long time.

But I would say it's less now about just, say, let's fill out the application. This is one of the reasons, frankly, that it perhaps wasn't as noticed over the course of summer, but I believe it was late June, that there was an adjustment to the way funding is done within the U.S. government.

And it's not just one applicant goes to DOE and DoD or DFC and EXIM and you do it all separately. Rather, there's a coordination among the National Energy Dominance Council, which -- of course, David Copley was one of the key people in for a long time and now is in the National Security Council. The same people are really overseeing all of the programs.

So less about sort of a very dogmatic which program you're applying to and fingers crossed you get some response many months later. Here, it's much more coordinated and I think much more intentional. So the answer is yes, both offshore and onshore. And yes, we're pursuing all of these concurrently.

Matthew O'Keefe^ That sounds promising. And if I may, just one last little one here, just to follow on that. I know you've got a lot to do between now and ramping up.

But just -- you did say like in the mid-2030s or early 2030s to get a processing plant if monies were available because it would be quite a boon for the U.S. to have some processing capability of the (inaudible) nature that you guys are looking at.

Could -- what would sort of be -- could you go quicker on that? I mean -- or do you still have a lot of work to do vis-a-vis engineering and development for your process plan?

Gerard Barron^ No. We could absolutely go quicker. And that's the significance of having Korea Zinc's involvement. They have just built a state-of-the-art facility in Korea. And so they've -- they'd like to come and build that here in the United States.

And from our perspective, we'd like to see that on the ground, providing the money was available on the right terms from those agencies that Craig has mentioned. And we think it would be a boon to support the reindustrialization ambitions for the United States. Matt, you know better than anyone.

And we're all talking about bits, of course, because AI has everyone's attention, but we need to be thinking about atoms as well. We need to build the infrastructure. And for that, you need metals. And the question is where are they going to come from? And I wish we were a sexy as the AI industry.

But our time is coming because people are starting to talk about this and has been the part of the equation that has been a little bit overlooked. And of course, it's become a very hot geopolitical issue. And we're starting to see smart money move into it.

And of course, the Administration is going to lead that pathway. We saw them do a very interesting deal with MP recently, MP Materials. And I think we're going to be seeing them do a lot more like that.

Matthew O'Keefe^ Yes. Totally agree.

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

Dmitry Silversteyn^ Just a quick follow-up or maybe not a follow-up clarification. You didn't include it in these slides, but in your Investor Day slides, you had a more detailed timeline and you have something called provisional approval, which you expect to get by the end of this year if I remember correctly, the slide and then the final approval kind of by the fourth quarter of 2026 to let you get into production in fourth quarter '27.

What's the sort of the difference between provisional approval and final approval and does getting provisional approval do anything for you in terms of expediting the decision-making process on funding the first batch of capital expenditures? Or how should we think about that milestone approaching

Gerard Barron^ Look, the Administration have been very open on this topic and because there are some hoops we need to hop through. And what has been made very clear to us is that if the Administration came and just gave us a permit today, then we'd be tied up in legal knots and we may not achieve the objective that was set out in the executive order, and that is to fast-track the permitting.

And so the legal minds have opined on this, and it makes sense. And so what we've said though is it would be nice if we could have something in advance, that would be provisional. That would give all of us the confidence.

However I think it's fair to say that our Board, and as you know we've raised quite a bit of money in the last quarter. And our Board and our investors want to see us spend that

money because they feel there is enough confidence coming out of the signals we have from the Administration to get that permit in fine time.

But the dates we mentioned at Strategy Day still stick. We think we'll have that in a form to share by the end of the year. And it's -- but -- it will be a confidence booster you might say, Dmitry.

Dmitry Silversteyn^ Understood. Okay. That's helpful, Gerard. Can you talk a little bit about -- you mentioned it a couple of times during the call about the changing regulations that NOAA has written and has published and now they're in the comment period, I guess, that's closing.

What -- you talk about it being helpful in expediting approval processes. But specifically to your project, what do you think that these new regulations can do in terms of getting you over the line in getting the approval?

Gerard Barron^ Well the main one is that the way the regulations stood, you needed to submit an exploration application and then once that was granted, they would start working on your commercial recovery permit.

But the key driver will be to be able to do those two things in tandem because as you know we submitted two applications for exploration licenses. and we submitted one application for a commercial recovery permit. And so whilst that application is with the agency, the changes will just put make it so they can do those things in tandem and they will massively shrink the permitting timeframe.

Craig Shesky^ Yes. and just to clarify, too, Dmitry, in reading the plain language of DSHMRA and the implementing regulations, it was always a read that, yes, the exploration license grants would have to come prior to CRP but the plain language is clear that the applications or at least the review process could be concurrent.

So what we think is ongoing with the public comment period and the proposed amendments is really a confirmation of something that really already made pure common sense, especially for some applicants like TMC, where much of the environmental work for the exploration side has already been done.

Beyond that, too, there's some helpful amendments in terms of just modernizing these rules that were put in place in the 1980s in terms of delivery of physical copies, in terms of ensuring that the contractor who's done much of the environmental work is able to write that environmental impact statement as opposed to sort of putting that work on a silver platter and then having the writing being done, let's say, by NOAA.

In fact, that was actually a clarification that came through the NEPA process even before this in 2023. So it's really just -- as they say on sort of the Federal Register, which is compounding comments. It's a modernization of a lot of that great work that was done.

But it is pretty amazing. When you look at the DSHMRA legislation and then the implementing regulations and then you compare it to what the ISA had begun working on in the 1990s and beyond, they're really taking a lot of the great work and great ideas that came originally from this U.S. seabed mining code.

So it was in very good shape. And now NOAA is tidying it up around the edges to make sure that it can be more modern, more commercial and clarifying the concurrent view process that Gerard laid out.

We have nothing else in the phone queue. There was one question on the webcast from Nelson sellers. Can a new administration halt mining operations.

Well I think that goes back to one of the reasons that we're going through this very robust and clear legal process and make sure that we're not skipping over any steps to ensure that this permit is legally defensible for decades to come, very similar to any land-based mining operation, where so long as the process itself was followed.

And all of the necessary permits were granted under the authority has actually provided to whoever that particular regulator was, it's a situation where you can ensure that just a change in administration isn't going to somehow alter the legal validity of that permit.

Of course, we don't view this as a left versus right issue, no matter who the next administration is going to be, critical minerals is bipartisan. And it's not even the U.S. versus China, it's really a recognition that the U.S. is dependent on a lot of sources for critical minerals and TMC can take three of those dependencies off the table just from the NORI-D project.

So this mineral independence issue is not something where we expect any future administration is going to somehow decide, you know what, we're okay with being dependent on Chinese or Chinese-funded sources for some of these metals.

So we anticipate that this legal process is going to be very robust, and that's one of the reasons that it's important to let it play out. Liz, is there anything else on the phone line? Any other questions that we have.

Operator^ No phone line questions at this time.

Craig Shesky^ Gerard, I might turn it back over to you for some closing comments.

Gerard Barron^ Yes. Thank you, Craig. Well I guess, thank you, everyone, for turning up today. Thank you to my team for the amazing efforts to be able to produce these results over recent months.

It's truly admirable what we achieved with a tight small team. And of course, thank you to our strategic partners and our sponsoring states. And thanks, importantly to all of our shareholders until next time.

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