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Corporate Speakers
- Craig Shesky; The Metals Company; CFO
- Gerard Barron; The Metals Company; CEO

Participants
- Heiko Ihle; H.C. Wainwright & Co; Analyst
- Tate Sullivan; Maxim Group; Analyst
- Dmitry Silversteyn; Water Tower Research; Analyst

PRESENTATION

Operator^ Good day, and thank you for standing by. Welcome to The Metals Company Third Quarter 2026 Corporate Update Conference Call. (Operator Instructions)

Please be advised today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Craig Shesky. Please go ahead.

Craig Shesky^ Thank you, Kevin.

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

Our remarks today may also include non-GAAP financial measures, and additional details regarding these measures, including reconciliations to the most directly comparable GAAP measures, can be found in the slide deck being used with this call, and you're welcome to follow along with our slide deck or if joining us by phone, access 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^ Yes. Thank you, Craig, and thanks to all of you for joining us today.

Before we dive in, I'd like to take the time to welcome our new Board member, Liam Mallon. Liam is a former President of ExxonMobil Upstream, and he joins us at a very exciting time as we prepare to move from exploration into commercial operations.

And Liam brings more than 40 years of global energy and offshore operating experience, having led ExxonMobil's worldwide upstream business, overseeing $20 billion to $30 billion in annual capital investment, and he played a central role in some of the energy industry's most significant developments, from ExxonMobil's landmark offshore project in Guyana to a $60 billion acquisition of Pioneer Natural Resources.

And since taking up his seat in September, we've benefited greatly from his expertise in moving complex and novel offshore operations into production. And Liam will chair our Sustainability and Innovation Committee, and he will be tasked with helping our project and environmental teams to improve project economics and manage environmental impacts. And my team and I look forward to his contributions moving forward.

So to the agenda, we'll start with U.S. permitting, where our USA-A consolidated application stands with NOAA and the milestones ahead. Offshore, we'll walk through an updated plan we've built with Allseas that protects our schedule and cuts nearly $500 million from the capital needed to reach first production. And onshore, we'll update you on Brownsville, where Mariana Minerals is leading feasibility-level engineering and U.S. government funding agencies are now working together on our Nodule City plan.

We'll also cover a capital-light option to start by toll processing our nodules in Japan. And on the environment, we'll share our new peer-reviewed papers from our deep-sea data set published ahead of the environmental impact statement and how the research community is putting that open data to use. We'll then cover our partnerships and close with financial highlights and liquidity.

So let's begin with permitting, specifically on our consolidated application over the USA-A area. Following the application's publication to the Federal Register as reported last quarter, NOAA opened the first of several public comment periods to get the public's view on our application.

The comment period closed on October 19, and NOAA is now reviewing those comments as part of its application review. Many of you were watching for certification in October. And as I shared earlier this week, NOAA has told us in a letter that it now expects to decide on certification by mid-December. This is taking longer than we had hoped, but ours is the first consolidated application done under DSHMRA and NOAA's new review process. And the regulator is rightly following the statute step by step.

Importantly, NOAA has not identified any issues or deficiencies with our application.

So what is certification? Well, it's NOAA's formal finding that TMC USA has the requisite finances and access to the technologies needed to commercially collect nodules and a rigorous plan to conduct such activities as required under the Deep Seabed Hard Mineral Resources Act. It also locks in the size and location of our area of activity and signals the transition into the final environmental review stage prior to the issuance of the commercial recovery permit.

Assuming a positive certification decision in mid-December, the application will then proceed into the environmental review phase with NOAA publishing a notice of intent to develop a draft environmental impact statement, draft terms, conditions and restrictions, and subjecting these to the required public comment periods before NOAA makes its final determination.

This slide shows the remaining path for the USA-A consolidated application. Since we last reported in August, NOAA has published the consolidated application in the Federal Register and as mentioned has completed the first of several 60-day public comment periods and online webinars.

The rigor of this review is ultimately helpful to the permit's legal defensibility in the coming decades. It also helps ensure that there are no rubber stamps available for newer applicants that have not completed anywhere near the same level of work as TMC, its subsidiaries and our world-class partners.

We've got some exciting developments with our offshore system to share. We've been working closely with Allseas on an updated offshore development plan with a clear purpose: protect our time line; derisk the system; and move quickly into first production upon issuance of our commercial recovery permit.

Instead of starting with the full 3 million tonne per annum system, we'll begin at 1 million tonnes per annum using an upgraded version of our proven pilot system. That cuts engineering, procurement and integration complexity, lowers the upfront capital for both TMC and Allseas and means we can start commercial production as soon as possible after our permit is granted during the current administration.

We'll then stage the major investments alongside the production ramp-up so less capital is at risk in the early stages. Running the system in sustained production builds operating experience, demonstrates reliability, and derisks the move to full scale.

The result is a faster, leaner start that stays close to our original five-year ramp-up and gets the system out on the water sooner. This is good for TMC and Allseas and ultimately good for our shareholders.

The foundation of this plan is a simplified operating configuration with lower logistics costs, which builds upon the systems successfully demonstrated during our six-month offshore pilot in 2022.

The vast majority of the direct CAPEX reduction comes from simplifying and upgrading the existing pilot production system and eliminating the transfer vessel. And this also allows us to eliminate the vast majority of long-lead-time items, which helps derisk the time line to first production in addition to a reduction of upfront CAPEX.

Collectively, changes to the scope of the system reduced the estimated upfront capital required to reach first production from roughly $800 million under our prior schedule, of which TMC's share

was approximately $500 million, to roughly $300 million shared between the parties. Much of the remaining investment will be deferred to subsequent development phases.

The simplified operating configuration and lower logistics costs also improved the economics of the initial operations, providing the potential to reach positive EBITDA even at the lower production volumes targeted during the first two years.

So what does this mean in practice? Well, by upgrading and scaling up the production system proven during our offshore pilot, we can reuse existing equipment and operate this upgraded system during the first two years of commercial production, deferring the full capacity equipment packages and more complex transfer interfaces until they are needed while maintaining our original production ramp-up targets.

We plan on upgrading the existing 6-meter-wide pilot collector to 9 meters, deferring the new collectors until the point we are comfortable we can sustain production over long periods of time. And at the lower production rates anticipated during the early years, we can eliminate the need for a dedicated transfer vessel and instead load our nodules directly onto bulk carriers.

And by transshipping on the U.S. West Coast before onward shipment to Japan, we can also combine nodule transport with regular offshore logistics, reducing the number of dedicated supply vessels required. Keep in mind, this is technology that both Allseas and TMC know very well, and it will undergo further optimization and testing during Allseas' upcoming Japan pilot program.

So in short, the perfect proven foundation for the start of commercial operations. And rather than deploying the full 3 million tonne system from the outset, this upgraded pilot collection system will target approximately 1 million tonnes annually with the potential to increase up to 1.5 million in year two. And this fits with our existing production ramp-up strategy with the objective of maintaining the planned annual production profile as we progress towards 12 million tonnes across four production vessels.

Building on our successful 2022 pilot with further optimization and testing planned by Allseas during the upcoming Japan pilot program, we intend to upgrade the existing collector, limit initial modifications to the *Hidden Gem* and simplify offshore transport and logistics. And these changes reduce complexity and both capital and operating costs.

I'd like to now turn over to Craig to walk through our onshore partnerships as well as our latest environmental work and our financials.

Craig Shesky^ Thanks, Gerard. So onshore, again, our primary objective remains, build a greenfield processing and refining facility in Brownsville, Texas. But having it up and running in time to receive the first nodules from our offshore operations may be a challenge given our anticipated permitting timeline. And that's where we may lean on, as we noted, our five-year partnership with PAMCO and their existing processing facility in Hachinohe, Japan, where they've been processing nickel laterites for many decades and where we successfully conducted an industrial-scale pilot from 2024 to 2025.

PAMCO will need to make some modifications to its plant to prepare for the arrival of first nodules, and our team and external engineering consultants have been in Hachinohe this week working through those plans just to make sure those schedules align.

So taking a step back, PAMCO's history of smelting nickel laterite ores goes all the way back to the 1960s. And over the years, they built up significant processing infrastructure with three furnaces spread across the existing site.

Our history of working together is a bit shorter, but we have accomplished a remarkable amount over the past five years, including industrial-scale pilot processing, demonstrating technical feasibility of the process using existing architecture and a feasibility study demonstrating economic viability using their 80-megawatt furnace. So we know what needs to be done to bring the facility on-spec in preparation for nodules.

And suffice it to say that our discussions with the U.S. government do include the potential of this attractive option at the start of production. And certainly, members of the U.S. government are in Japan as we speak, discussing the burgeoning seafloor minerals industry.

And you may have seen just moments ago, the U.S. and Japanese governments published a joint statement, which puts seabed minerals front and center of their plans to diversify mineral supply and support their industrial bases.

And two particular lines from the State Department's release stand out: foster trusted commercial partnerships and secure processing capacity among trusted partners. PAMCO fits that bill perfectly.

But again, we remain laser-focused on ultimately bringing nodule processing to the USA. As a reminder, TMC USA holds an exclusive right of negotiation over a lease option for land at the Port of Brownsville. The location provides direct access to the Brownsville shipping channel and sufficient land to evaluate an integrated processing and refining ecosystem serving TMC USA and potentially over time other American operators.

No investment decision has been made. And as we've said a few times before, any future capital commitment will remain contingent on U.S. government support. But we have started laying this groundwork to prepare for when bulk carriers with full nodule holds can begin arriving on U.S. shores.

Site-specific feasibility work is a prerequisite for any potential U.S. government support, and we're happy to report that work is now well advanced. And the Brownsville area under consideration covers nearly 1,500 acres across two parcels: 735 acres on the Shipping Channel and adjacent 731 acres. Prefeasibility level engineering is nearly complete and feasibility level engineering for the first smelting stage, as we mentioned previously, is underway, along with Mariana Minerals' leadership as part of TMC's owner's team.

The engineering team is also testing the interfaces among the berth, ship unloaders, conveyors, stockpiles, processing facilities, utilities and supporting infrastructure, along with material flows, constructability and opportunities to phase future development.

And in late October, our TMC USA project team as well as our executive team spent four days in San Francisco with our partners at Mariana Minerals hosted at their San Francisco Bridge facility.

Since we signed an MOU in April last year, the partnership has moved fast, and we signed a strategic partnership in March and a master service agreement in July. Mariana is a core part of our owner's team for Nodule City, which is, again, our proposed industrial park at the Port of Brownsville in Texas.

And in San Francisco, the teams reviewed the engineering completed to date and focused on three things: one, refining the plant's process flows, including the controls needed to meet stringent U.S. environmental requirements; two, identifying ways to bring down CAPEX and OPEX; and three, aligning on a permitting strategy for this Brownsville site. And that work feeds directly into the next phase of development.

We also want to take a moment to highlight some of the exciting developments with our royalty holder, TMCR, where The Metals Company holds a 20% equity interest in their stock. And on September 28, Mesabi Metallics announced plans at the White House for a $15 billion steel complex in Iowa, described as the largest in U.S. history.

Alongside its 2% royalty on our NORI area, TMCR holds a 2% gross production royalty on Mesabi's Minnesota mine, although they do not have interest in the Iowa complex. So we would like to commend the teams at both Mesabi and The Metals Royalty Company on this significant step forward in rebuilding America's domestic steel supply chain.

And of course, as we know, steel requires manganese as well as iron ore and America's reindustrialization will depend on secure supplies of all four metals found in nodules, including manganese, nickel, copper and cobalt.

So on to some developments in our environmental program. Our vast deep-sea environmental data set, by far the industry's largest, continues to bear fruit as more of the data contained is published in peer-reviewed journals.

And I'd like to highlight a few recent papers today. The first, published this week in the Journal of Marine Science and Engineering, presents the first commercial-scale sediment plume modeling showing that the vast majority of mobilized sediment settles within 10 meters of the collector tracks with plumes dissipating within two to five days of operation ceasing.

The second paper, in press and soon to be published in that same journal, documents TMC's world-first environmental monitoring of an integrated collection system trial in near real-time and the technical expertise and choreography required to gather the empirical data that is essential to inform commercial-scale modeling.

These new papers bring total peer-reviewed studies based on our data set to 46 with over 220 citations by other researchers. But this is just scratching the surface. Our data set is 1 petabyte, among the largest single-project data sets ever compiled, larger than the Hubble Space Telescope archive, 1000 Genomes database and Sloan Digital Sky Survey combined. And this will continue to deliver new insights with hundreds of papers expected in the coming months and years, particularly as we advance towards intensely monitored commercial operations.

The size and scale of our decade-plus research effort and the resulting data set was on full display at the Underwater Minerals Conference in Japan this week, which we were pleased to attend and many of our team members were there for the first time, along with many members of the industry and many people who have been publishing work based on TMC data.

In fact, roughly half of all environmental research, whether delivered in presentation or poster format, was based on data collected during our offshore campaigns, reaffirming the immense value of our extensive investment in scientific research which has eclipsed $250 million to date.

Members of our team as well as our research partners shared insights on a broad array of topics, including assessments of benthic impacts and recovery following test mining, sediment plume dynamics and monitoring, and the spatial distribution of dissolved metals.

And our onshore team also presented on the development of our near-zero solid waste flow sheet. The conference is wrapping up this week. And from where we sit, it was incredibly satisfying to see firsthand how our findings are shaping this new industry.

So hopping to the financials, liquidity and valuation. As I'm sure you're all aware, the industry valuation metrics have moved down sharply since August. And while nickel and copper developers were valued at about 58% of NAV just three months ago, that same metric is now down to 34%.

For producers, it's moved down from about 100% of NAV to 80%. And unfortunately, for TMC, we're valued at just 4% of the underlying net asset value for our SEC-compliant technical reports.

Bottom line, these valuations are swinging in our view, based on short-term technical and political factors rather than long-term realities for these metals that continue to be critical for the global economy.

So rest assured, Gerard and I will be busy on the road in the coming months talking to new and existing investors about this very undervalued opportunity.

Moving to liquidity. TMC liquidity, defined as cash plus borrowing capacity, stood at $123 million as of September 30, 2026, including $44 million available from our undrawn credit facility.

In the third quarter of 2026, TMC reported a net loss of approximately $28.4 million or $0.06 per share compared to a net loss of $185 million or $0.46 per share for the same period in 2025.

The net loss for the third quarter of 2026 included exploration and evaluation expenses of $23.5 million versus $9.6 million in Q3 2025; G&A of $9.5 million, versus $45.7 million in Q3 2025; and other non-operating items totaling a gain of $4.6 million, versus the $125 million loss a year ago in third quarter 2025.

Exploration and evaluation increased by $13.9 million in the third quarter of 2026 compared to the same period in 2025, mainly due to higher costs to recognize the full charge of ongoing development, operating and vessel costs. The increase also reflects higher share-based compensation, increase in feasibility and pre-feasibility study costs and increases in legal and professional costs related to the project.

G&A expenses decreased by $36 million in Q3 2026 as compared to the same period due to $33 million lower share-based compensation expense and a decrease in legal fees.

Other non-operating items in Q3 2026 include the following: a decrease in the NORI royalty liability of $5 million, driven by an increase in the risk-free rate used to value the liability, which compares to an increase in the royalty liability of $131 million in the comparable quarter. There was also an increase of $4.4 million in equity-accounted investments resulting from TMCR's higher share-based compensation and changes in the fair value of derivative instruments and other financing costs.

Net cash used in operating activities in Q3 2026 amounted to $19.4 million in comparison to $11.5 million in Q3 2025. The increase in the outflow in Q3 2026 is mainly due to increased costs for the scaling of the nodule collection system, including $7.7 million in cash payments, fees, payroll, pre-feasibility, stakeholder engagement costs and legal and consulting fees.

Free cash outflow for Q3 2026 was negative $19.4 million compared to negative $11.5 million in Q3 2025. And free cash flow is a non-GAAP measure, and I would point you to the non-GAAP reconciliation table included at the end of the slide deck.

We do believe that our cash on hand is sufficient to meet working capital and CAPEX commitments for at least the next 12 months from today.

And investments increased by $18 million, primarily due to $26.9 million in dilution gains on investment, partially offset by $9.2 million for our share of the loss in our TMCR investment.

The warrant liability decreased due to the expiration of all outstanding private warrants in Q3 and the royalty liability decreased by $5 million, driven by an increase, as said before, in the risk-free rate used to value the liability.

With that, operator, we would like to take a moment to open it up to any questions from the audience.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Heiko Ihle with H.C. Wainwright.

Heiko Ihle^ Let's talk a bit about the recent election results in the U.S. Can you give a bit of color on if there's been any strategic changes following the recent midterms? I assume investor questions have been focusing on that. Maybe give a bit of color on what they've been asking and what you've been telling them. And building on all of that, is there anything that you think the market might be missing and that you can elaborate on, on this call?

Gerard Barron^ Well, on the election front, I think it's important to remember that our permitting pathway is through DSHMRA. And DSHMRA, of course, is in statute. And so it is a reliable framework upon which we are applying. And of course, critical minerals are a bipartisan issue, and we believe the timing couldn't be better on one hand.

I'm in Japan at the moment and this week I've attended the flagship conference for the underwater minerals sector, where our team highlighted the enormous amount of environmental data that is now becoming available, which really highlights just the concerns that some people have previously had on what are the environmental impacts.

And I think our very heavy investment in first-class environmental research with the help of leading institutions around the world comes together now with all of these -- I think we have 47 papers being published at the moment, peer-reviewed papers, either published or about to be.

And what that highlights is that the environmental impacts are all very manageable, that they're a fraction of what people ever thought they were. They are largely contained to the area of extraction. And of course, I think this helps make it a bipartisan issue because critical minerals are essential to the functioning and to the security of the U.S. economy.

And the only time anyone ever gave a pause was really on the environmental front but we've always maintained that the environment is actually the biggest positive for the development of this resource because of the lower environmental impacts and the lower impacts on humans.

So I feel very confident that we'll be spending a lot of time in D.C. There's a lot of new representatives and senators for whom we need to highlight the importance of this resource. And so we're feeling pretty good about it.

Craig Shesky^ Yes. And just to add a bit of color on that as well. Again, as we know, what Gerard said at the beginning, NOAA is under the Commerce Department. This is an executive branch agency. And we have been going step by step through the process based on implementing regulations on DSHMRA, where NOAA was given the power to be the regulator for this industry back in the 1980s. So this is in the hands of the executive branch.

But also when we look at the funding side of it, I think a lot of other people we've seen, Heiko, a lot of names, not just TMC, but others in your coverage, there have been swings back and forth

based on the political winds. But the money that's available here and much of it not yet being deployed is generally devoted to certain cabinet departments and agencies based on a reconciliation process and budgeting that has already been approved.

So those funds and how they are to be spent are already earmarked by the various cabinet departments, many of which now are working together as we reported in our discussion about Nodule City, and it's not something where we could necessarily see those funds at risk or taken away.

Now over time, might there be impacts on future years in terms of appropriations in the reconciliation process and what's available to deploy? Sure. But this is money that's already been allocated. And in fact, there's a good article from MINING.COM this week where they interviewed Clark Street Associates about this very point.

So both on the money front as well as the permitting front, we feel we're in a very good position despite some of the narrative that's out there in the market. But again, this is not about an executive order. This is about a clear regulatory statute that we're following step by step.

Heiko Ihle^ Yes. That's a very fair and very comprehensive answer. And I think it probably soothes some of the concerns that I've gotten on the phone, and I appreciate the color.

And then just a quick one. You were talking about the lower CAPEX *Hidden Gem* and how you're planning on converting it in year three while it's in production. And I'm just trying to figure out how exactly that's supposed to work. How do you anticipate having the assets stay operational while you like increase capacity on there?

Gerard Barron^ No, that would be a swap out. So essentially, we, as custodians of your capital, are very mindful of restoring value to the equity. And of course, we are confident that we can do that as we move into commercial production. But the most important thing is to get started because then the size and the quality of this resource is widely acknowledged.

I mean, we've defined 1.6 billion tonnes. We think we have another 300 million to 400 million tonnes in the area that we've applied for. So now talk about 2 billion tonnes of high-grade nickel, copper, cobalt, manganese. And if you put the copper and the copper equivalents, it's around 7-plus percent. So 2 billion tonnes of 7-plus percent copper and copper equivalents. I mean, there's no other resource on the planet that compares.

So we took the view that keeping the schedule was of utmost importance, and we just need to get into production. And then, of course, we know that capital will be more widely available.

We already have people coming to us with great capital ideas around financing new vessels and operators who want to put vessels to work, providers who would provide finance to enable us to get more boats on the water. And so it means that we can defer that investment until what we believe to be a more proper and appropriate value is restored to the equity. And so we'd keep the first boat in production until the time is right, but then we would move the second boat on to the area and the third and the fourth.

Craig Shesky^ Yes. So Heiko, think of it as really kind of a very short-term miss of production, let's say, when we then expand the *Hidden Gem* capacity of 3 million tonnes.

But doing that expansion, which, by the way, requires the ordering of long-lead-time items, and frankly would add a bit more risk, not only in terms of money, capital spent, but just what happens if a few items are delayed several months, that's not something you want to deal with if you're waiting to start first production.

But if it's something you can do after production has begun and then the second vessel has come on the water, that's a much better time for us to be able to do those modifications with Allseas and to do it at a time when our cost of capital would be much lower.

Operator^ Our next question comes from Tate Sullivan with Maxim Group.

Tate Sullivan^ Does the updated capital-light plan require meaningful changes to the NOAA application process?

Gerard Barron^ No. No changes at all.

Tate Sullivan^ Nothing at all? Okay. And then for PAMCO, and Craig you went into the description about making some modifications to a plant in Japan to prepare for nodules. Can you remind us on the terms of the partnership? Would that be sharing those costs on the facility similar to what you're doing with Allseas as well?

Gerard Barron^ Yes. Good question. And the Japanese government have already put in place a financing plan to cover up to half of that cost. And the arrangement with PAMCO is a tolling type arrangement, and we're having that sit down with them currently to see how we might support them to cover the remaining half.

But while nothing has been agreed at this stage, it would seem fair that we would make some contribution alongside PAMCO themselves.

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

Dmitry Silversteyn^ Just wondering sort of what drove the revision in how you plan to ramp up production with *Hidden Gem* going from 3 million tonnes to 1 million tonnes. I mean, I understand the rationale behind it, but I'm just wondering why there was an approach from the beginning and what has changed that you now think this is the right approach?

Gerard Barron^ Well, keeping the schedule was of paramount importance. And I guess we were perhaps a little bit optimistic on when we might have seen a permit in our hands, and also optimistic about when we thought a government financing arrangement for Brownsville would be put into place. And so when you combine those two things and also combine the fact that the offshore oil and gas sector is quite vibrant at the moment. So all of those point to tension in the

supply chain, and so keeping the schedule was always of paramount importance. And so I guess it became just an obvious decision that we should not jeopardize first production.

As I said earlier, I think it's such a big valuable resource that if we can show the world just that it can be extracted and processed and we can produce these critical minerals, then all of a sudden we can be valued against that resource as opposed to the first production vessel.

It’s a perfect scenario to have the boat moving to Japan to do some work with the Japanese government on some trials and then to be moving on to our license area once the permit is in our hands. And it means that there'll be learnings all the way along that. And then it's just a methodical way of identifying the next vessel and vessels and taking those learnings and turning them into optimized production systems.

Operator^ And I'm not showing any further questions at this time. I would like to turn the call back over to Gerard for any further remarks.

Gerard Barron^ Yes. Thank you. And thanks to all our shareholders who have tuned in and who continue to support us, the team who are working exceptionally hard on our shareholders’ behalf and those among our supply chain. And I celebrate the tremendous results we've had this week up in Japan as our team have showcased important environmental papers and results over the last decade or more of environmental research.

So yes, so stay tuned. We think it's going to be a very exciting lead into the end of the year, and I look forward to giving you those updates as they become available. Thank you.

Operator^ Thank you, ladies and gentlemen. This does conclude today's presentation. We thank you for your participation. You may now disconnect, and have a wonderful day.