

TMC The Metals Co (Q2 2026)

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Corporate Speakers:

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

Participants:

- Heiko Ihle; HC Wainwright; Analyst
- Dmitry Silversteyn; Water Tower Research; Analyst
- Tate Sullivan; Maxim Group; Analyst

PRESENTATION

Operator^ Good afternoon everyone. And thank you for participating in The Metals Company's Second Quarter 2026 Corporate Update Conference Call.

Joining us today are the Metals Company's Chairman and Chief Executive Officer, Gerard Barron; and Chief Financial Officer, Craig Shesky. (Operator Instructions)

Before we go further, I would like to turn the call over to the CFO, Craig Shesky, as he reads the company's safe harbor statement within the meaning of the Private Securities Litigation Reform Act of 1995 which provides important cautions regarding forward-looking statements and information about the use of non-GAAP measures.

Craig, please go ahead.

Craig Shesky^ Thanks, Olivia. Today, we are going to be going through a call where certain statements may be made by the company using forward-looking assumptions and based on management's beliefs and assumptions using information available at this time.

These statements are due to known and unknown risks and uncertainties, many of which may be beyond our control.

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.

Additional details regarding these measures including reconciliations to the most comparable GAAP measures can be found in the slide deck being used with this call.

And you're welcome to follow along with the slide deck posted on our website at investors.metals.co.

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

Gerard Barron^ Thank you, Craig, and thanks to all of you for joining us today.

Today we'll provide an update on TMC USA's applications and the progress both projects are making under the U.S. regulatory regime.

We'll also discuss how Allseas is advancing the first commercial collection system from engineering into procurement, a significant step toward translating years of development and successful offshore testing into a commercial scale operation.

We'll talk about the American deep seabed critical mineral supply chain, from offshore nodule collection and transportation, to processing and refining.

And we'll provide some detail on some exciting new partnerships that have recently been announced and the potential for additional partnerships in the coming quarters.

We will discuss recent developments at the ISA and International Tribunal for the Law of the Sea (ITLOS), revisit the economics of our resource and close with our liquidity and second quarter financial results.

I'll also spend some time on the progress being made in Washington D.C., to support this industry. And as noted in our corporate update press release, the company is actively engaged in funding processes with multiple U.S. agencies named in President Trump's Executive Order regarding plans to build nodule processing and refining in the United States. And while these processes continue confidentially, the company does not currently intend to pursue other capital market transactions until such time as further updates are publicly released.

And the company will provide more substantive detail at the appropriate time.

So let's begin with permitting, where NOAA is now advancing both TMC USA applications through important new milestones.

For USA-A, our consolidated application covers approximately 65,000 square kilometers and includes both an exploration license and a commercial recovery permit. NOAA's publication of that application in the federal register will bring the application in the public view and begins the formal public comment process.

For USA-B which covers approximately 122,000 square kilometers, NOAA is expected to soon publish its Notice of Intent to prepare an Environmental Impact Statement.

This follows NOAA's certification of the application in May and will move USA-B into formal environmental review and public scoping. Together, these milestones, expected imminently, demonstrate the steady and transparent progress of two separate applications under established U.S. law. This slide shows the path ahead for the USA-A consolidated application.

Since the application's submission in January, NOAA has completed its substantial compliance and full compliance determinations and the application is expected to imminently be posted in the Federal Register.

NOAA has advised that certification is now expected in October 2026 citing a delay caused due to administrative issues rather than any issue with our application.

So given that timing, we no longer believe a permit grant in the first quarter of 2027 is likely, but the bottom line is that even though NOAA is not moving as fast as we would like, we still do expect the permit well in advance of targeted vessel commissioning in the fourth quarter of 2027. Whether the permit arrives a few months before commissioning or a couple of quarters before should not affect our plans.

The next steps include interagency review and certification, a Notice of Intent for the NEPA process, publication of a draft Environmental Impact Statement and draft Terms, Conditions and Restrictions, and the required public comment periods before NOAA makes its final determination. 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 new applicants that have not completed anywhere near the same level of work as TMC, its subsidiaries, and our world-class partners.

We are increasingly bringing together the capabilities required to move from resource development toward commercial production. Offshore, that means combining TMC USA's resource environmental and permitting work with proven collection technology, marine operations, vessels and specialized survey capabilities.

Onshore, it means integrating process engineering, project development, smelting and refining expertise, product qualification and established commercial relationships across the metals value chain. The objective is not simply to develop one offshore system or one plant. It is to connect the pieces of an American deep seabed critical mineral supply chain, from collection and transportation through processing, refining and delivery of metal products to customers.

But this opportunity extends well beyond a single offshore system or processing plant.

We are working with both innovative American start-ups such as Mariana Minerals and established industry participants across shipbuilding, marine logistics, security,

environmental monitoring, equipment, software-first planned execution, processing, refining, and rare earth development.

Over time this will build a more integrated American supply chain including U.S.-built autonomous vessels and specialized equipment, U.S. flagging and redomiciling, nodule offtakes, and domestic processing of both base metals and rare-earth-bearing streams.

Our first-mover position gives us the ability to help shape that ecosystem and potentially serve other American operators as the nodule industry develops.

One example is our new agreement with Eco Minerals, a U.S. exploration company advancing its own NOAA application. Under the Mutual Master Services Agreement, Eco Minerals is expected to provide vessel charter, autonomous underwater vehicle equipment, marine survey and related offshore services to TMC, subject to availability.

The MMSA also contemplates attractive preferential pricing on vessel and AUV rates.

In return, TMC will make available resource definition, environmental impact assessment and permitting services based on our roughly 15 years of work in the CCZ. The framework also supports potential joint third-party work and a campaign later this year which we believe will increase resource certainty on those areas covered within our consolidated application.

Turning back to the offshore system.

Our May agreement with Allseas establishes the framework to complete development, commissioning and operation of the first commercial nodule production system. The initial operating configuration is designed for a production capacity of 3 million wet tons of nodules per year and will include two collector vehicles and their launch and recovery systems, the riser system, the Hidden Gem production vessel, and a transfer vessel.

Allseas is expected to fund a significant portion of the pre-production development costs, recoverable through production revenues, closely aligning both organizations around successful delivery and operation of the system. And with the development and operating framework in place, the program is moving into the procurement and subcontracting phase.

Basic engineering is complete for the critical long-lead systems including the riser, launch and recovery systems, and the collector umbilical. The next packages cover the compressor spread, navigation equipment, riser handling equipment, the derrick upgrade, and storage and offloading systems. Fabrication is expected to run from the fourth quarter of this year through to the third quarter of 2027, alongside preparations for installation. And during that period, the major components will be assembled, interfaces managed and tested, and the integrated system prepared for offshore operations.

So that work leads into installation and commissioning targeted for the fourth quarter of 2027 preparing the vessel and subsea production system for offshore operations.

And even before beginning production, our team and our partners are actively exploring ways to reduce operating costs offshore.

In parallel, TMC is accelerating the integration of an autonomous offshore logistics and exploration framework, leveraging rapidly emerging USV and AUV technologies to enhance supply efficiency, expand situational awareness, enable continuous low-impact monitoring across the production areas, and support ongoing resource definition.

Once the bulk carrier is fully loaded in the Clarion-Clipperton Zone, and assuming we proceed with our domestic onshore plans, it would begin a roughly 3,800 nautical mile voyage to Brownsville, Texas. A typical shipment would carry approximately 60,000 tons of polymetallic nodules recovered from the sea floor. After about 2,200 nautical miles at sea, the vessel reaches the Panama Canal, where it transits from the Pacific towards the Caribbean and the Gulf of Mexico.

The Panama Canal is our base case, but water availability, vessel traffic, and draft restrictions are all part of voyage planning. So we are also analyzing alternative route around Cape Horn which may be particularly attractive as the availability of autonomous vessels increases in the years ahead.

The final destination for the bulk carrier would be the Port of Brownsville for where we refer to the proposed sites Nodule City. TMC USA holds an exclusive right of negotiation over a lease option for land at the port. 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 other American operators.

No investment decision has been made and any future capital commitment would remain contingent on U.S. government support.

Meanwhile, in Japan, we continue to maintain our partnership with PAMCO to ensure that we retain optionality for our processing plans.

Site-specific feasibility work is a prerequisite for any potential U.S. government support, and that work is now well advanced. The Brownsville area under consideration covers 1,466 acres across two parcels: 735 acres on the shipping channel; and an adjacent 731 acres. Pre-feasibility level engineering for a potential 12 million ton per annum industrial park is nearing completion.

And feasibility level engineering for the first smelting stage is underway under Mariana Minerals' leadership. The engineering team is also testing the interfaces among the berth, ship unloaders, conveyors, stockpiles, processing facilities, utilities and supporting infrastructure, along with the material flows, constructability and opportunities, to phase further development.

This rendering provides a closer look at how Nodule City site could bring the individual elements of the onshore system together. A dedicated berth and ship unloading system would receive nodules from the bulk carriers and transfer them by conveyor to managed stockpiles. And from there, an integrated materials handling network would provide a steady feed to the processing facilities.

The layout also illustrates the supporting infrastructure required around the core process. Power, water utilities, storage, internal roads, and sufficient space to sequence construction and expand in phases over time. This remains a conceptual configuration that will continue to evolve through the feasibility process, but it demonstrates the scale and integration required to establish a commercial nodule processing and refining hub in the United States.

The equipment required for Nodule City is industrial in scale. The ship unloaders shown here would stand approximately 84 meters high, taller than a SpaceX Falcon 9 rocket, while the electric arc furnace building would be approximately 54 meters high.

So these comparisons help illustrate why site selection, berth access, heavy transport, power, utilities, and construction sequencing all need to be addressed early in the feasibility process.

Now shifting to the government front.

It is crystal clear that this administration is 100% committed to reshoring critical mineral supply chains.

The breadth of this support was on display again last week.

On August 7, President Trump convened more than 200 executives, educators, and investors at the State Department alongside Secretaries Rubio, Burgum, and Lutnick. The roundtable included approximately \$3 billion of new critical minerals and battery investment, and also expressly discussed recovery of polymetallic nodules from the deep seabed.

I was pleased to attend on behalf of TMC and President Trump again reiterated his administration's support for deep seabed mining. That whole-of-government participation reinforces the strategic importance of the industry we are building, alongside our partners like Turner Caldwell, CEO of Mariana Minerals, pictured here with me.

I'd now like to turn the call over to Craig to take you through the regulatory update, project economics and the financials.

Craig Shesky^ Thank you, Gerard. And just to clarify one thing, too.

Obviously during that round table, there was no express investment for nodule collection.

But as Gerard noted at the top of the call, multiple discussions are ongoing with multiple agencies named in the executive order.

I just wanted to make that clarification.

Now turning to the U.S. front, regarding its right to regulate seafloor mining in international waters. The United States recently reiterated the position it has held consistently for more than four decades.

Because the United States is not a party to the Law of the Sea Convention, it does not consider itself bound by the Convention's seabed mining rules administered through the International Seabed Authority.

At both the UN and the ISA, U.S. representatives placed responsible seabed mineral development as an economic and national security priority and that clarity matters.

It reinforces the legal and policy foundation for the pathway that TMC USA is pursuing under DSHMRA.

By contrast, the ISA again made only incremental progress on its mining code during its July session, with no target date for completion. The Council agreed to develop a roadmap toward another roadmap for adoption, an outcome that captures the institutional delay that the would-be regulator has faced.

In fact, Naoero's Vice President, Lionel Aingimea, in Kingston warned that a process can outlast its own purpose, drawing comparison to the endless litigation in Charles Dickens' Bleak House.

But nevertheless, we continue to engage constructively with the ISA and to protect our rights as we advance all practical pathways available to us.

Now during the ISA's July session, China, Russia, and Greenpeace supported an effort to seek an ITLOS advisory opinion, targeting deep sea mining outside the UNCLOS and ISA framework. The proposal was accompanied by calls for coordinated measures affecting companies, financiers, insurers, and ports participating in the U.S. pathway.

And that effort failed, drawing significant pushback from Member States across Europe, Asia and the Pacific. They rightly challenged it as premature and politically driven, warning that it could isolate the United States while further distracting the ISA from its core responsibility which is the completion of a mining code.

Now last month, the Seabed Disputes Chamber of ITLOS unanimously prescribed provisional measures, protecting NORI and TOML's rights to due process and fair treatment in their proceedings with the ISA. The Chamber found a real and imminent risk of irreparable prejudice to those rights and required the ISA to act in accordance with the

applicable legal framework, provide the information needed for a meaningful response, and refrain from aggravating the disputes.

In the days that followed, the ISA Council approved a 5-year extension of NORI's exploration contract by consensus. And as by far the largest contributor to deep-sea science in the Clarion-Clipperton Zone, NORI's record speaks for itself with 22 offshore research campaigns, 959 research days at sea, more than a petabyte of data, and 41 peer-reviewed papers published, as reflected in this deck.

Now as a quick reminder, last August we announced two major technical studies, a PFS and an Initial Assessment. The PFS focused on our first production area and established the world's first reserves for a nodule project while also confirming the project's strong commercial case. The Initial Assessment extended across the other areas highlighted on the slide in Royal Blue.

Taken together, the \$5.5 billion NPV from the PFS and the \$18.1 billion NPV from the Initial Assessment, imply a combined estimated resource NPV of \$23.6 billion. Across the life of both projects on an undiscounted basis, the studies point to approximately \$369 billion in revenue and more than \$200 million of EBITDA.

However, we must admit TMC stock has undoubtedly lagged this year. There are many reasons for this, but it's our responsibility as management to drive progress and reverse this dynamic.

You can see on this slide, we believe one thing is very clear.

Our market cap is undervalued relative to the resource itself by any reasonable peer-based metric.

So as we diligently move towards commercial recovery of this generational and transformational resource for the U.S. it is reasonable for us to expect that the equity markets should more appropriately value this company, and we're doing everything in our power to ensure that happens.

On to liquidity -- our liquidity, which is defined as cash flows borrowing capacity, stood at \$143 million at June 30, 2026, including \$44 million available from the Barron/ERAS undrawn credit facility.

Now a question that we've received from many investors. TMC did analyze the pending September 2026 expiration of the warrants from the initial 2020 go-public SPAC transaction, and our Board of Directors sought input from management, from our outside advisers and the views of many of our shareholders.

And the conclusion was almost uniformly aligned to keep the expiration date for these warrants fixed for the terms of the original agreement. In part, this was because any extension of the expiration date of the 15 million public warrants, which must be

exercised in the cash, would also require the extension of the 9.5 million private warrants which may be cashless exercise and are unlikely to result in any incremental cash proceeds to the company while still diluting existing shareholders. And as a result, we are not going to pursue potential extension of these SPAC-related warrants.

On to the financials.

In the second quarter of 2026, TMC reported a net loss of approximately \$60.1 million or \$0.14 per share compared to a net loss of \$74.3 million or \$0.20 per share for the same period in 2025. The net loss for the second quarter of 2026 includes exploration and evaluation expenses of \$56.1 million versus \$10.5 million in Q2 2025.

General and administrative expenses of \$15.6 million versus \$11.5 million in Q2 2025 and other items resulting in a gain of \$11.6 million versus a \$52.3 million loss in Q2 2025. Exploration and evaluation expenses increased by \$45.6 million in the second quarter of 2026 compared to same period in 2025, mainly due to \$37.5 million of charges owed to Allseas recorded following the signing of a development and operating agreement in May.

Of this amount, \$34.8 million represents deferred costs that would only be payable upon a tonnage basis once production commences, while the remaining \$2.4 million was settled in shares on July 2, 2026.

The remaining \$8.4 million of the comparable quarter increase is due primarily to higher share-based compensation expenses and an increase in prefeasibility study costs related to the expanded scope of the PFS refresh. This increase was partially offset by lower environmental costs as the scope of activities related to campaign 8 was completed in the prior year. G&A expenses in Q2 2026 were \$15.6 million, compared to \$11.5 million in the comparative quarter, due to an increase in share-based comp.

Other non-operating items that reduced the net loss in Q2 2026 included an \$18.5 million gain resulting from shares issued by The Metals Royalty Company, TMCR, in relation to a finance offering, compensation expenses, and royalty purchase, at a price exceeding TMC's carrying value per share of its TMCR investment. Net cash used in operating activities in Q2 2026 amounted to \$20.1 million compared to \$10.7 million in 2025.

The increase in the outflow in Q2 2026 is mainly due to a timing difference as it includes \$9 million of tax withholdings remitted to tax authorities for which the cash was received at the very end of March.

If tax withholding payments are excluded, cash used in operations would have been just over \$11 million, roughly in line with Q2 2025. Free cash flow for Q2 2026 was negative \$20.2 million compared to negative \$10.7 million in Q2 2025, also affected by the tax timing point discussed on this slide. Free cash flow is a non-GAAP measure, and I would point you to the non-GAAP reconciliation table included in the appendix of this slide deck.

Finally, on to the balance sheet.

Our accounts payable and accrued liabilities balance at June 30, 2026, was \$52.1 million and included \$40.5 million owed to Allseas for various services provided, \$36.1 million of which is due to be settled once the company is in production.

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

And with that, we'll turn it back over to the operator to take some questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Now first question in the queue coming from the line of Heiko Ihle with HC Wainwright.

Heiko Ihle^ That Master Services Agreement with Mariana Minerals for the processing part in Brownsville, can you maybe give a bit of color of what exactly has been going on there by now? I mean I know it's only been three weeks.

But I mean how much money and what's the timeline for spending money -- maybe on a quarter-by-quarter or half-year basis?. How do you see all this progressing and maybe what we should use in our model and account for all of that?

Gerard Barron^ Well yes, let me take the first crack at that.

While we've only signed the agreement in recent weeks, we've had a relationship with the principal of Mariana going back to 2018 when we met Turner when he worked at Tesla. And when he started Mariana, we were very keen to find a way of working together. And so essentially, they've been working on this file for probably a year.

And so far, it's been an investment on their side, not on our side.

Of course they are backed by some of the best names in Silicon Valley and have recently just raised \$310 million.

And we think of them as part of our owners team who will help us address the issues around permitting, address the issues around construction, and eventually, what Mariana would like is to also be operator of alongside us with the agreement. They bring a tremendous amount of expertise from the school of Elon and Turner has assembled an amazing team of 250-plus very smart people. And so we see them very much working as part of our owners team instead of TMC going to hire 50 or 100 people and eventually hundreds of people, we very much see Mariana working there.

Now, we are working with another leading engineering firm who have been doing a lot of work with us for the past 10 years. But we're entering into a new phase, and what Mariana will do is they'll run a pilot for us which will basically allow us to test a lot of the flowsheet.

If you look at the Mariana proposition, it's very much about software controls. It's very much about automation. It's very much about first principal thinking.

And when I think about the mineral processing industry, Americas said good-bye to it over the last 50 years, right? They were very happy for it to go offshore to the developing world. And of course at that time you had countries like China who were going through their industrialization. They had millions of farmers they needed to keep busy. So they're very happy to take on new, very manual industries.

But as we think about bringing those industries back to the United States, they are going to come back very different. They're going to come back with the benefit of automation. And of course AI has been a tremendous assist. The timing of this could not be better because the tools available to us are just outstanding. And five years ago, it wouldn't have been the case.

And Mariana are at the bleeding edge of this. They are attracting people that would otherwise go to Anthropic or to some of the other LLM companies. And so they really are a partner we're very proud of.

So that's kind of how the relationship will form, and we'll certainly be keeping the market up-to-date as we progress that relationship into what that will mean from a financial perspective.

But at the moment, the focus is very much on how can we get Brownsville up and running most economically and in the fastest timeframe possible.

Craig Shesky^ And Heiko, we can't provide any sort of quarter-by-quarter metric or even getting into the specifics, but we're talking about relatively modest initial cost in the mid-single-digit millions over the course of multiple quarters. This is a very useful down payment effectively to progress feasibility work that is going to be a prerequisite for government funding.

So it's necessary work, and when TMC has been looking even going back a year plus at what our plans are, it's always work that we've contemplated. And in our forecasts, it is certainly something that we've always included as something that will be necessary to do in advance of that potential government funding. So I can't say much more beyond that other than we believe it is useful work and we have the confidence that it's going to hopefully lead to a strong outcome.

Heiko Ihle^ No. That's a fair answer. Completely different question, just conceptually.

I know you can repurchase 75% of the TMCR royalty. The way I look at it, these guys are almost more like a partner than a royalty holder.

I mean we cover a number of royalty firms and often times, there is a bit of like 'you're a client' but this seems to be, I don't want to say a partnership, but there are vested interests on both sides.

Can you maybe give a bit of color of what might drive you to buy back some of that royalty? And I assume a good part is obviously financial, but are there any other decision-making processes on your end, given the longer-term impact from all of this? Presumably want to keep a broad base of stakeholders interested in moving all of this forward?

Gerard Barron^ Yes.

Firstly, it's proving to be a great business partnership. And Brian Paes-Braga, who leads that company has been a real supporter of our efforts over the last decade. And how we buy it back of course is by paying them a royalty because the royalties go towards the buyback.

And so from our perspective, we always envisaged that we would buy back the component of the royalty that we could. And of course we didn't ever want to just sell a royalty to someone.

We wanted to sell a royalty where we had an economic interest in that royalty. And of course we remain a large shareholder of that company.

We're very supportive.

You've seen the company in the press recently buying the Mesabi Metallics iron ore royalty.

And I know they have a very strong pipeline of forward-looking metals and I'm confident that Brian can build that into a super valuable company, and we'll be a key supporter of him and it's a super positive relationship. But the buyback will happen naturally. As we pay them royalty, it will chip away towards the repurchase price.

Operator^ Our next question coming from the line of Tate Sullivan with Maxim Group.

[Technical Difficulty]

We'll go to the next person in the queue coming from the line of Dmitry Silversteyn with Water Tower Research.

Dmitry Silversteyn^ Curious about the Eco Minerals deal and agreement. You talked about contemplating a joint campaign later this year into the CCZ.

Would that be to your zone or to Eco Minerals' zone?

Gerard Barron^ Yes. It will go to both, actually.

But on our area, for those that have followed us, you know that there's been a lot of exploration and resource definition work in an area we used to know as NORI-D, and we still do. The USA-A application for commercial recovery permit still has some areas that we've got a baseline set of data on, but we'd like to get a little bit more because the plan is to move our reserve number up significantly, and that just requires a little bit more survey work. And for some of our resource, we've already moved into the measured category, inferred, indicated, measured, and then some of that went into reserves.

And we plan to do that with a greater footprint now with greater tonnages. So while we're out there, they'll do a bit of work on potentially on some of their ground, providing they get permission to do so.

Dmitry Silversteyn^ Okay.

Okay. Understood. And then just, I guess getting a little bit more clarification on what the government support may look like and when it may come in. You talked about needing to finish some of the feasibility work before you can even consider that.

But can you help us understand sort of what the government is potentially looking at underwriting when they look at you? Is the objective is to kind of support your first production efforts? Or are they looking kind of more strategically as establishing a much larger processing hub for U.S. seabed operations beyond yours or beyond your zone of collection?

Gerard Barron^ Well we've got to be very delicate what we say here Dmitry, but it's well documented that this administration wants to take a leadership role when it comes to deep seabed minerals. And I guess what we highlighted to them is that there's nowhere in the U.S. where you can process these materials. You have to send them to Asia and the Asian options are pretty limited. There's either Japan, and of course we have a relationship with PAMCO in Japan, or there's Indonesia. But a lot of the Indonesian processing partnerships are either involving Chinese ownership or they operate to a different environmental and safety standard.

So we always said this was the moment to put on the ground some processing capacity in the USA.

Because there's one reason why China dominates the critical mineral space. It's because they've had the benefit of pretty freely available money from their government. They've been able to go and spend and move at a very rapid pace.

Of course they operate to a different environmental and a different safety standard than we will adhere to, and we certainly know that the environmental thresholds operating in America are some of the toughest anywhere. So I think people can feel very confident about the permitting process in the USA.

But what the current administration did was they bought into that. And so we are continuing discussions with several of those agencies about helping us with that ability to bring nodules to the USA for processing.

Craig Shesky^ Yes. And Dmitry, you categorized it as it's just initial production or is it beyond a couple of points just there. Let's just say if you're thinking about 3 million tons per year, which is the target capacity for the Hidden Gem, that alone, if processed domestically depending on whose model you're looking at, could satisfy somewhere from a quarter to maybe a third of domestic needs, based on current demand for nickel and cobalt. So even that initial production is meaningful.

One of the things that would separate places like Nodule City is the scalability. As you know having to locate processing and refining capabilities near an ore body is a challenge for land-based mining that ultimately can limit how scalable a resource can be. This is a situation where we are pursuing negotiations on a lease option for an area that can allow that scalability.

So yes, you don't want to bite off more than you can chew.

But even starting, let's say the 3 million tons from the Hidden Gem alone is a significant portion of U.S. demand, but that scalability is something that this resource can uniquely offer.

Operator^ (Operator Instructions) We have Tate Sullivan from Maxim Group.

Tate Sullivan^ Based on your public information sources, have you heard any recent announcements from the Chinese government or about offshore mining activity or announcements from Chinese companies if you have heard or seen anything, please?

Gerard Barron^ Well nothing I'll cite on this call. But we have seen some of the press publish activity trackers on some of the deep-sea survey vessels and some of the deep-sea mining contractors have been busy in the area.

So we know that it remains a priority for them.

We know that they are pushing the ISA very hard. And I think it's safe to say they were quite frustrated with the pace of progress being demonstrated down in Kingston, Jamaica.

But beyond that, I don't have a lot to share on this call.

But I think if you go looking for those media reports on those survey vessels, it was staggering even to us to see just how active China is in looking for seafloor resources and doing so-called benign survey work.

Tate Sullivan^ And shifting to Allseas. You had a lot of great updates in your comments, and you've worked with Allseas for many years. Do you have an exclusive offshore mining arrangement with Allseas? Or can they work with other companies? Can you remind us on how that arrangement works?

Gerard Barron^ Yes. It's exclusive. The only time it becomes non-exclusive is if they wanted to put another system in the water and we declined. Then they would have the right to go and offer it to someone else. But of course we want to have lots of systems in water. So the likelihood that that would happen is very, very low.

Tate Sullivan^ And Craig, you mentioned that the share agreement with Allseas that settled right at the end of the quarter will be in your quarterly disclosure and I just wanted to verify that.

Craig Shesky^ That's correct. That will be included in the share count on the cover of the disclosure.

Tate Sullivan^ Okay. And then going forward, just in terms of the costs related to the vessel construction do you feel you accrued for all those costs going forward? Or will that be on a quarterly basis, some capital or some call expenses to Allseas for the construction of the vessel?

Craig Shesky^ Well look, there's been continued work by our partner Allseas with respect to project management and engineering layup. And as a good partner, they've been happy to take some of that payment in shares.

But over the last few quarters, you would have seen us continue to accrue for some of those charges. A lot of what we reported as of June 30, approximately half of the total amount at that time owed to Allseas, is payable then upon commercial production beginning.

So yes, there will be additional amounts that TMC will continue to expect to pay for the development of the Hidden Gem based collection system. And we provided some detail on that pre-feasibility study last year.

But again as we continue to sharpen our pencils with Allseas, we do expect we will come in lower than that expected offshore development number.

But no, what we've accrued for is not the totality of what we're expecting to spend pre-production with Allseas, but again they continue to be a great partner to work with us and be flexible and also will be funding a large portion of the preproduction development costs.

Tate Sullivan^ And last for me on that, have you shared or can you share where that vessel construction will take place or not disclosed at this time?

Gerard Barron^ No. We haven't disclosed it at this time.

Tate Sullivan^ Okay. And thank you for the update on when the fabrication is planned for starting in fourth quarter.

Craig Shesky^ Olivia, are there any other questions on the phone?

Operator^ I'm showing no further questions in the Q&A queue at this time.

Craig Shesky^ Great.

I do see a handful of questions in the web chat.

But I think most of them have been answered or are things that we've not wanted to comment on further.

So Gerard, I might turn it back over to you for some closing comments.

Gerard Barron^ Well firstly, thank you for those people attending today.

Special thanks to our shareholders, to our team, to our partners, to our Board, who've been providing great guidance through this important year.

So we look forward to keeping you updated as we have exciting developments going forward.

I think it's going to be a super run in to the end of 2026. Thank you all.

Operator^ Ladies and gentlemen, this concludes today's conference call. Thank you for your participation.

And you may now disconnect.