

# The Metals Company

## Narrowing the NPV gap

The Metals Company (TMC) has continued to achieve regulatory milestones and, despite an interim shift in phasing, management continues to expect a commercial recovery permit before system commissioning in Q427. Keeping to this path over the next 12 to 18 months should therefore see TMC move from permitting to first production. Our analysis includes TMC's sensitivity to factors including metal prices, delays and discount rates, and shows how successful execution could significantly de-risk the shares, lowering the implied discount rate from c 26.9% to around 12% according to our \$12.30 per share valuation.

| Year end | Revenue (\$m) | PBT (\$m) | EPS (¢) | DPS (¢) | P/E (x) | Yield (%) |
|----------|---------------|-----------|---------|---------|---------|-----------|
| 12/23    | 0.0           | (61.9)    | (20.00) | 0.00    | N/A     | N/A       |
| 12/24    | 0.0           | (63.5)    | (18.00) | 0.00    | N/A     | N/A       |
| 12/25    | 0.0           | (49.6)    | (12.00) | 0.00    | N/A     | N/A       |
| 12/26e   | 0.0           | (131.0)   | (29.00) | 0.00    | N/A     | N/A       |

Note: PBT and EPS (fully diluted) are underlying excluding share-based payments or change in royalty liabilities.

## Q226 results: Progress and at least 12m liquidity

TMC published Q226 results on the 13 August after the US market close. It reported a Q2 net operating loss of \$60.1m (Q225 net loss \$74.3m) equating to a loss of \$0.14 per share (Q225 \$0.20 loss per share). The Q226 operating loss of \$71.7m (Q225 loss \$22.0m) was primarily driven by c \$46m higher exploration expenses. Quarter-end liquidity of \$143m declined by c \$21m (Q126: \$164m). Management continues to believe cash of \$98.7m is sufficient for at least the next 12 months. Progress continues with permitting and both onshore and offshore activity, with the company continuing to target system commissioning in Q427 supported by the positive US backdrop in terms of the critical minerals supply chain.

## NPV gap should close as TMC de-risks

TMC's \$23.6bn post-tax NPV compares with a market capitalisation of c \$1.65bn, and in this note we analyse what that gap may be pricing. Our model of the NORI-D development generates a post-tax NPV of \$7,831m at TMC's 8% discount rate, or \$18.08/share. We examine key assumptions such as metals prices, delays and the discount rate. The implied discount rate is currently c 26.9%, which we believe is difficult to justify based on metals price sensitivity or potential delays. Rather, we believe it reflects TMC's current development stage. Our analysis shows that successful regulatory and operational execution over the next 12–18 months should de-risk TMC as it moves into the next stage, with a lower associated discount rate.

## Q427 milestones drive indicative \$12.30 valuation

TMC's shares have traded between \$3.4 and \$11.4 over 12 months. We expect TMC to move from the permitting stage to first production over the next 12–18 months, supported by a permit and system commissioning in Q427. This is reflected in our indicative valuation of \$12.30/share, which implies a discount rate of c 12% and assumes TMC is granted its recovery permit and delivers on its Q427 commissioning schedule. While risks span both operational and regulatory domains, successful execution could broaden the investor base, helping to realise TMC's significant upside.

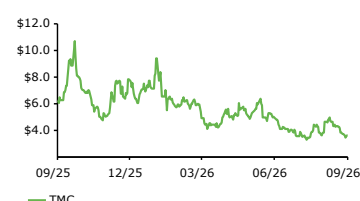
## Company update

### Metals and mining

21 September 2026

|                                    |                 |
|------------------------------------|-----------------|
| <b>Price</b>                       | <b>\$3.75</b>   |
| <b>Market cap</b>                  | <b>\$1,654m</b> |
| Net cash/(debt) as at 30 June 2026 | \$98.7m         |
| Shares in issue                    | 441.1m          |
| Free float                         | 57.0%           |
| Code                               | TMC             |
| Primary exchange                   | NASDAQ          |
| Secondary exchange                 | N/A             |

### Share price performance



| %                | 1m    | 3m     | 12m    |
|------------------|-------|--------|--------|
| Abs              | (0.5) | (29.8) | (30.9) |
| 52-week high/low |       | \$11.4 | \$3.4  |

### Business description

The Metals Company is a deep-sea minerals exploration company focused on the collection, processing and refining of polymetallic nodules, containing nickel, copper and cobalt, found on the seafloor in the international waters of the Clarion-Clipperton Zone, 1,300 nautical miles off the coast of Southern California.

### Next events

|            |               |
|------------|---------------|
| Q3 results | November 2026 |
|------------|---------------|

### Analysts

|                |                     |
|----------------|---------------------|
| Jonathan Day   | +44 (0)20 3077 5700 |
| Yana Mihaylova | +44 (0)20 3077 5700 |

[mining@edisongroup.com](mailto:mining@edisongroup.com)  
[Edison profile page](#)

**The Metals Company is a research client of Edison Investment Research Limited**

## Investment summary

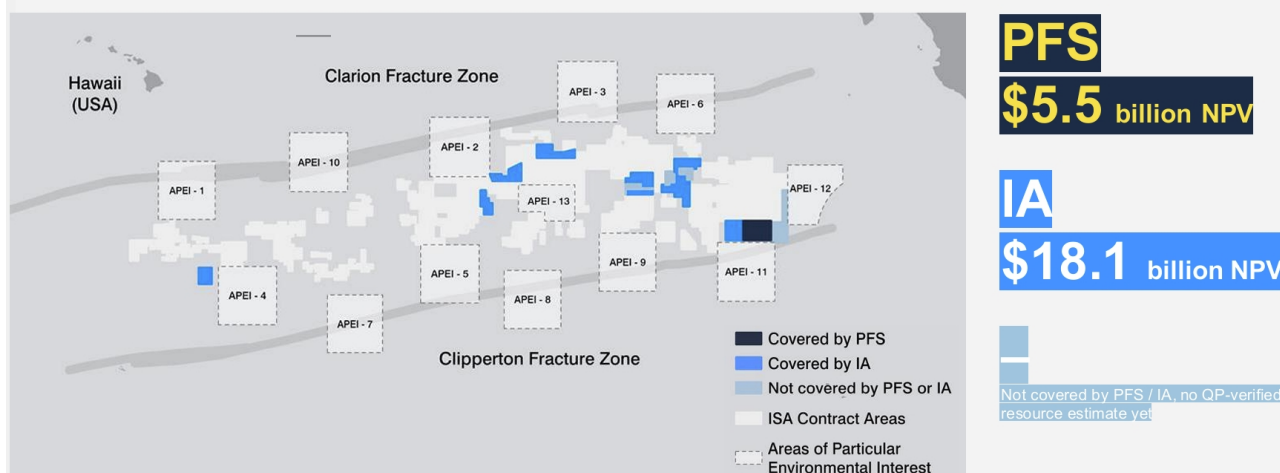
### Company description

TMC has c 1.6bn tonnes of existing estimated resource plus an additional c 300Mt resource potential in the Clarion-Clipperton Zone (CCZ), an area of sea floor in the Pacific Ocean between Hawaii and Mexico. Its resource is contained in two contract areas: Nauru Ocean Resources Incorporated (NORI, c 850Mt, sponsoring state: Republic of Nauru) and Tonga Offshore Mining Limited (TOML, c 750Mt, sponsoring state: Kingdom of Tonga). These contract areas are themselves contained within the larger application areas for which TMC is seeking permits from the National Oceanic and Atmospheric Administration (NOAA) through the US regulatory regime. TMC's pre-feasibility study (PFS) is its highest-confidence study (based on proven and probable reserves with a cost accuracy of  $\pm 25\%$ ) and covers c 350Mt of reserves in the NORI-D area, while its initial assessment (IA) includes inferred, indicated and measured resources (with a cost accuracy of  $\pm 50\%$ ) covering c 1,275Mt of resource. TMC sees production commencing in Q427 and ramping from c 1Mtpa wet in 2028 to c 11Mtpa in 2031, with annual production to 2044 maintained in the 10–12Mtpa range.

The polymetallic nodules that TMC will recover contain nickel, manganese, copper and cobalt, all of which have now been designated critical and important for US national security. According to the US Geological Survey, the US's net import reliance as a percentage of consumption is 79% for cobalt, 41% for nickel, 57% for copper and 100% for manganese. Nodules will be collected rather than mined, such that there is no overburden to remove and no hard rock to break, and the near-zero-solid-waste flowsheet TMC developed with Hatch converts almost the entire nodule into saleable product.

#### Exhibit 1: Estimated resources in the Clarion-Clipperton Zone

**Project economics: Two studies cover total estimated 1.6 billion tonne resource, with combined NPV of \$23.6 billion.**



Source: The Metals Company Q126 presentation, 14 May 2026

### Financials: Sufficient cash on hand until at least August 2027

TMC is currently progressing through a series of regulatory and operational milestones and is yet to generate revenue. Exploration and operating expenses are the main drivers behind our forecast \$0.29 loss per share in FY26. Management anticipates system commissioning in Q427 and stated on the Q226 (13 August 2026) call that it expects cash on hand of \$98.7m to be sufficient for at least 12 months from that date.

## **Valuation: \$12.30 per share justifiable over 12–18 months**

Our NORI-D (PFS) project model combined with our framework of discount rate ranges suggests an indicative valuation for TMC of \$12.30 per share over 12–18 months based on the average valuation from our first production discount rate range. This assumes that TMC executes successfully over the next 12–18 months with the granting of a commercial recovery permit and a successful environmental impact statement (EIS) allowing system commissioning to begin as anticipated by management in Q427.

## **Risks and sensitivities**

Risks encompass both internal and external execution risks. These include regulatory, permitting and environmental risks; equipment commissioning; recovery rates; operating expenditure; production ramp up; materials processing; and the potential risk of delay. Lengthy delays, technical problems or equipment specifications could introduce some potential financing risk. Metal prices are also a risk, and we discuss the sensitivity to metal prices and potential project delays later in this report.

## **Recent milestones: Successful execution**

TMC USA filed the first consolidated application for an exploration licence and commercial recovery permit under NOAA's new framework on 22 January 2026; NOAA determined it substantially compliant on 9 March, and on 1 May TMC announced NOAA had determined it fully compliant. On 11 May TMC signed a commercial agreement with Allseas to complete, commission and operate the first commercial nodule collection system, under which Allseas will fund a significant portion of development costs recoverable through production revenues. On 28 May, TMC announced that NOAA had certified the separate USA-B exploration licence application, covering c 122,000km<sup>2</sup> and an estimated 1.02bn tonnes of nodules containing several rare earth elements alongside the four core metals. On 20 July TMC announced that the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea had unanimously prescribed provisional measures protecting NORI's and TOML's rights to due process in their proceedings against the International Seabed Authority.

## **Q226 results: Progress continues**

---

TMC published Q226 results on 13 August after the US market close. The company reported a Q2 net operating loss of \$60.1m (Q225 net loss \$74.3m), equating to a loss of \$0.14 per share (Q225 \$0.20 loss per share). The Q226 operating loss of \$71.7m (Q225 loss \$22.0m) was primarily driven by c \$46m higher exploration expenses mainly due to \$37.5m of charges owed to Allseas following the signing of a development and operating agreement in May 2026. \$34.8m of these costs are deferred and only payable on a tonnage basis once production commences. The remaining \$2.4m was settled in shares on 2 July 2026. Higher share-based compensation cost expenses and PFS costs were also a headwind, while environmental costs were a tailwind. Higher G&A costs (\$15.6m versus \$11.5m in Q225) were due to an increase in share-based compensation.

Notable other items in Q226 included an \$18.5m gain on shares issued by The Metals Royalty Company, a lack of Nauru warrant costs compared to the \$33.5m charged in Q225, a \$2.2m gain in the fair value of warrants liability compared to a \$16.2m decline in Q225 and a \$7.9m charge on an Allseas settlement.

## **\$143m liquidity sufficient for at least the next 12 months**

Excluding the impact of a \$9m tax-related outflow, which had been flagged with TMC's Q126 results, the operational net cash outflow was broadly unchanged at c \$11m. Quarter end liquidity (\$98.7m cash plus \$44.0m borrowing capacity) of \$143m declined by c \$21m from \$164m at the end of Q126, due to the operating outflow and the tax-related outflow. Management continues to believe liquidity is sufficient for at least the next 12 months.

## **Q427 timeline unchanged despite interim shift in phasing**

TMC has continued to make progress in the permitting process, with NOAA certifying TMC USA's USA-B application in May 2026. Both the USA-A and USA-B applications continue to follow clear pathways. The company explained that administrative issues at NOAA have moved the anticipated certification for USA-A to October 2026 and hence the commercial recovery permit, while unlikely to be granted in Q127, is still expected well ahead of system commissioning

in Q427. We note that while the phasing may have shifted a little, the Q427 system commissioning is unchanged and consistent with previous announcements.

## **Offshore and onshore progress continues**

The company has announced a partnership with Eco Minerals, establishing it as the exclusive provider of vessel charter, AUV equipment, marine survey and related offshore services to TMC and its subsidiaries, subject to availability, while in return TMC has committed to offer its resource definition, environmental impact assessment and permitting services drawing on a c 15-year track record. Following the 11 May agreement with Allseas, procurement and subcontracting is ongoing, ahead of fabrication and system integration, which TMC expects to occur between Q426 and Q327. Regarding material processing, pre-feasibility engineering for Brownsville is near completion with feasibility-level engineering for the first smelting stage underway, led by Mariana Minerals. The focus is how to get Brownsville up and running most economically in the fastest time frame. Management suggested that at this stage the costs related to Brownsville for TMC are mid-single-digit millions and therefore relatively modest, which implies that this activity should not be a big drain on liquidity. TMC is hopeful that the work at the site will support a good outcome, with the potential for future US government funding unchanged.

## **US administration remains supportive, as reflected in announced \$3bn investment**

The company highlighted the supportive backdrop of the US administration, reflected at a White House round table on 7 August where c \$3bn of new critical minerals and battery investment was announced, including recovery of metallic nodules from the seabed. On the analysts' call, management alluded to the clear intention of the US administration to re-shore the US supply chain for critical materials, highlighting that there is currently nowhere in the US where the minerals that TMC expects to recover can be processed. The company maintains optionality regarding the location for processing through its partnership with PAMCO in Japan.

## **USA-A consolidated application posted in the Federal Register**

Following the results, TMC announced on 19 August that its USA-A consolidated application for an exploration licence and commercial recovery permit was posted in the Federal Register providing public notice of TMC USA's submission. The company expects NOAA to continue its review and proceed through the remaining steps, including certification of the application, conducting the required environmental review and providing a draft EIS for public comment, and making a final determination regarding the issuance of the exploration licence and commercial recovery permit.

## **Exploring TMC's valuation**

Management reiterated the combined \$23.6bn NPV valuation on the call and acknowledged that the stock has not made the anticipated progress, despite appearing undervalued versus peers. In the remainder of this note we explore that valuation in more detail, examining the gap between TMC's NPV and its market capitalisation, which assumptions carry the most value, and what would need to happen for the discount to narrow.

## **Valuation scenario and NPV gap analysis**

---

### **Underlying assumptions**

TMC's post-tax NPV of \$23.6bn, comprising \$5.5bn for the PFS and \$18.1bn for the IA, rests on a variety of assumptions about an operation that has many milestones across permitting and offshore/onshore processes ahead of anticipated full production in 2031.

Our own model of the PFS (NORI-D development) produces a post-tax NPV of \$7,831m at the same 8% discount rate used by TMC, or \$18.08 per share including end-FY25 net cash of \$117.6m on 441.1m shares in issue.

Our model assumes that TMC receives its commercial recovery permit such that commissioning begins as expected by TMC in Q427, and that production then proceeds as anticipated by TMC from 0.1Mt wet in 2027 to 1Mt in 2028, 2Mt in 2029, 5Mt in 2030 and 11Mt in 2031, settling at c 10.8Mt a year through to 2044 before tailing off, for 164Mt wet in total.

Assumed nodule grading is as follows: 1.3% nickel, 1.1% copper, 0.15% cobalt and 29% manganese at 24% moisture,

and metallurgical recoveries of 94.6%, 77.4%, 86.5% and 98.9%, respectively. It assumes operating costs of \$340 per dry tonne (\$179 offshore, \$141 onshore, \$20 of royalties and other). These assumptions are derived from the August 2025 capital markets day (CMD) presentation, Zero To One: Project Economics.

We use the prevailing US corporate tax rate of 21%, and long-run prices of \$19,845/t for nickel, \$10,979/t for copper, \$41,895/t for cobalt and \$5.44/dmtu for manganese. Our assumptions are unchanged over the life of the project.

## Discount rate sensitivity

A key driver of any NPV analysis is the discount rate applied to it, and for a pre-production company the inclusion of an arbitrary risk premium by investors is a common approach to attempt to incorporate internal and external risks ahead. TMC uses an 8% discount rate post-tax, a rate that may be more appropriate to a producing asset but, in our opinion, this is a low discount rate for equity investors given the stage of development.

It is likely that the majority of the gap between TMC's \$23.6bn valuation and the \$1.65bn market capitalisation is therefore largely about the discount rate applied. Rather than defending a single number, our NPV gap analysis flexes each assumption in turn and measures the difference between the base case and each alternative. This identifies which assumptions actually carry the valuation, and it converts the market's discount from a statement of sentiment into a set of testable propositions.

## Implied discount rate c 26.9%

At \$3.75 per share as at 15 September 2026, TMC's market capitalisation is \$1.65bn. Deducting net cash of \$98.6m as at 30 June 2026 leaves \$1.56bn attributed to the project against our 8% discount rate valuation of \$7.81bn. Solving our model for the rate implied by the share price suggests an implied discount rate of 26.9%.

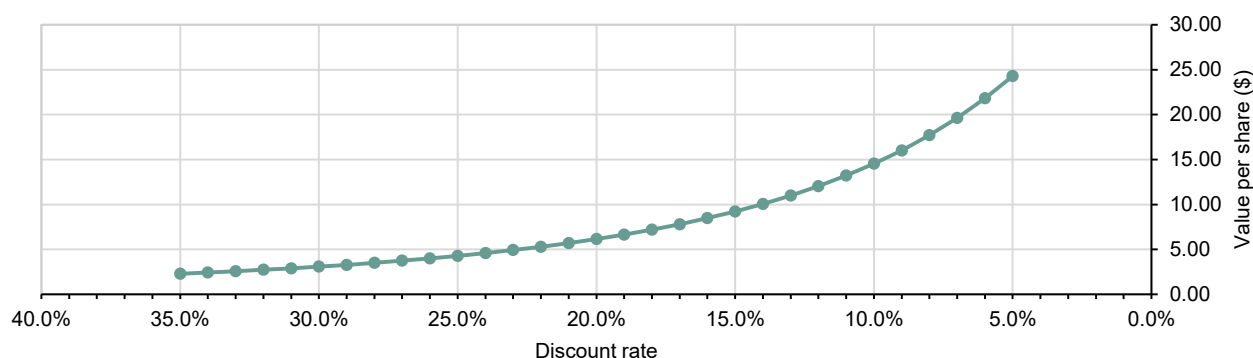
### Exhibit 2: NPV sensitivity to discount rate

| Discount rate | NPV (\$m)    | Per share (\$) |
|---------------|--------------|----------------|
| 8.0%          | 7,812        | 17.71          |
| 10.0%         | 6,410        | 14.53          |
| 12.0%         | 5,309        | 12.03          |
| 15.0%         | 4,068        | 9.22           |
| 18.0%         | 3,173        | 7.19           |
| 20.0%         | 2,713        | 6.15           |
| 25.0%         | 1,887        | 4.28           |
| <b>26.9%</b>  | <b>1,654</b> | <b>3.75</b>    |
| 30.0%         | 1,359        | 3.08           |

Source: Edison Investment Research

Whether the market is valuing TMC's project at around a quarter of our model's estimate because it disputes the resource, the grade, execution or the flowsheet is difficult to gauge, but the difference between the implied c 27% discount rate and TMC's 8%, c 19 points, is large. The impact of changes in the discount rate is non-linear: at the rates currently being applied, modest changes in perceived risk produce large changes in value, and a company that de-risks from 27% to 18% roughly raises its equity value by 90%. The sections that follow examine what could move the implied discount rate.

### Exhibit 3: TMC – a non-linear relationship between value per share (\$) and discount rate (%)



Source: Edison Investment Research

## Project delays and the discount rate

### The timeline

**Exhibit 4: Project timeline**



Source: The Metals Company Q126 presentation, 14 May 2026

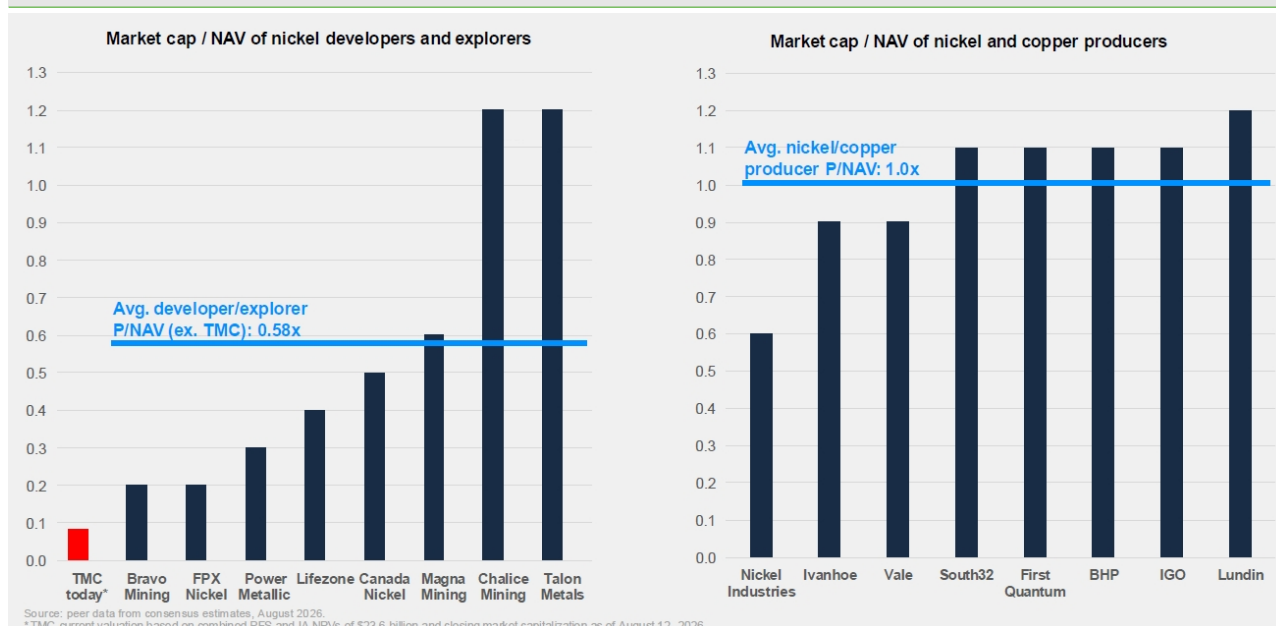
Running alongside the offshore/onshore execution schedule is the regulatory track. Following the full compliance determination, NOAA has published the application in the Federal Register with a related public comment period. Expected next steps from NOAA include issuing a notice of intent to prepare an EIS, publishing a draft EIS together with draft terms, conditions and restrictions for a further comment period, finalising both and then making a determination on the licence.

Management expects the commercial recovery permit well ahead of system commissioning in Q427, and has noted that the regulator retains flexibility in how it moves through these steps.

### Risks to timeline execution

It could be argued that an 8% post-tax discount rate implicitly assumes the distribution of outcomes around TMC's central case is reasonably well understood. For a conventional open-pit mine in a stable jurisdiction using proven equipment, that assumption is easier to defend.

It may also be a key factor in explaining why the peer group TMC compares itself against trades at higher multiples. On the comparable company analysis TMC published in its Q226 presentation (Exhibit 5), nickel and copper producers trade at an average 1.0x P/NAV, while developers and explorers average 0.58x. The c 0.4x differential between the P/NAV multiples for the two groups could be interpreted as the valuation discount for the risk of exploration and development versus more established production, expressed as a multiple rather than as a discount rate. As NORI-D advances towards production we would expect TMC's valuation discount to narrow reflecting the reduction of inherent risks.

**Exhibit 5: TMC valuation versus peers**


Source: TMC Q226 results presentation, 13 August 2026

Given the nature of TMC's project (deep water, offshore, multiple jurisdictions and evolving legislation), we think the market perceives TMC's position as more uncertain than its chosen peer group. When TMC USA submitted its application in April 2025 it was, on the company's own description, a world first: the first application for commercial recovery of deep-sea minerals in the high seas under the US seabed mining code. The 2022 campaign with Allseas that lifted 3,000t of nodules from the CCZ was the first integrated pilot collection test since the 1970s. There is no completed comparable project, and therefore no empirical basis for the disruption allowances, ramp curves and cost-overrun assumptions that analysts routinely apply to a conventional mine.

## Continued de-risking should reduce the implied cost of capital

Uncertainty is concentrated in three areas that are either outside the company's control or unproven at scale: a regulatory path with a draft EIS still to be written and two statutory comment periods still to open (albeit that so far the regulatory journey has largely gone to plan); a fabrication programme priced on estimates rather than contracts until the eight outstanding subcontract packages are awarded; and the integration and deep-water commissioning of a system with no commercial precedent. We believe TMC's cost of capital is therefore likely to sit materially above 8% today, and fall as each area is resolved.

## High sensitivity to perceived delays but...

As a result of the implied discount rate being high, potential delays have a significant impact on valuation. At an 8% discount rate, a three-year delay reduces the NPV by 21%. Given the non-linear relationship between discount rates and valuation, at the c 27% discount rate the market is currently applying, the same delay equates to 50% of NPV. Deferring cash flows is the first-order effect. The second-order effect is that a delay also postpones the milestone that would have justified a lower discount rate, so the delayed cash flows continue to be discounted at the elevated rate rather than a reduced one.

**Exhibit 6: NPV impact of a delay to the programme (\$m and % terms)**

| Delay    | NPV at 8% | NPV change | NPV at 15% | NPV change | NPV at 20% | NPV change | NPV at 25% | NPV change | NPV at 26.9% | NPV change |
|----------|-----------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|
| +0 years | 7,812     | 0%         | 4,068      | 0%         | 2,713      | 0%         | 1,887      | 14%        | 1,654        | -12%       |
| +1 year  | 7,233     | -7%        | 3,537      | -13%       | 2,261      | -17%       | 1,509      | -9%        | 1,479        | -22%       |
| +2 years | 6,697     | -14%       | 3,076      | -24%       | 1,884      | -31%       | 1,207      | -27%       | 1,175        | -38%       |
| +3 years | 6,201     | -21%       | 2,675      | -34%       | 1,570      | -42%       | 966        | -42%       | 934          | -50%       |
| +5 years | 5,317     | -32%       | 2,022      | -50%       | 1,090      | -60%       | 618        | -63%       | 590          | -69%       |

Source: Edison Investment Research

## ...TMC has a track record of delivery

Management notes that many of the permitting milestones have already been hit and that the current US administration remains supportive. Exhibit 6 above illustrates that a one-year delay has a much smaller 7% impact on NPV. To date, TMC has maintained its timeline and has avoided significant delays. System commissioning remains on track for Q427 and TMC expects the slight change in phasing for the USA-A application due to administrative delays at NOAA to be contained within the Q427 timeline.

## Milestone achievements should mitigate risk and increase valuation

Each completed milestone removes an element of uncertainty and therefore should justify a lower discount rate applied to an unchanged set of cash flows. Subcontract awards anticipated by TMC in Q326 should fix prices and mitigate procurement risk. Completion of fabrication and system integration through Q327 should demonstrate that the components work together, reducing technical risk. Granting of the commercial recovery permit, which management expects well before Q427, should significantly mitigate regulatory risk, although it should be noted that the remaining steps are not formalities and the permit is not assured. Commissioning in Q427 with a successful and sustained ramp up should contribute to operational de-risking.

In order to try to assess the valuation of TMC at different stages, we have set discount rate ranges (Exhibit 7) to reflect how we believe the market might discount mining assets at successive pre-production stages. While there is no industry standard for the discount rate applied at each stage of development, with practice varying between analysts and commodities, [previously discussed frameworks](#) support our approach.

Therefore, we start our approach at the one part of the range that is relatively well established, which is that a fully producing mine is typically valued at a discount rate below 10%, reflecting the lower risk of an operating asset with a known cost base and demonstrated production record. From this starting point, we work up in increments of 5 percentage points (pp) for each stage of development. These increments are slightly higher than the 2–3pp increments discussed in the 2013 article referenced above, as we believe a 5pp increment is more appropriate to reflect the higher risks associated with a project that has few, if any, precedents.

The implication is that de-risking may be something of a step function rather than a continuous process, with valuation increasing when the company crosses from one stage into the next, with the de-risking enabling the cash flow stream to be re-discounted at a lower rate.

Exhibit 7 shows how TMC's valuation, based on our model of the PFS, could change on that basis. A milestone that slips does not move the company down the ladder, but it does keep it at the higher rate for longer, which is why delay is expensive.

**Exhibit 7: Value by development stage**

| Stage                           | Discount rate range | NPV range (\$m) | Per share range – high (\$) | Per share range – low (\$) | Average per share (\$) | Upside from \$3.75 |
|---------------------------------|---------------------|-----------------|-----------------------------|----------------------------|------------------------|--------------------|
| Preliminary economic assessment | 30%–34%             | 1,359–1,068     | 3.08                        | 2.42                       | 2.75                   | -40%               |
| Pre-feasibility study           | 25%–29%             | 1,887–1,447     | 4.28                        | 3.28                       | 3.78                   | -17%               |
| Bankable feasibility study      | 20%–24%             | 2,713–2,023     | 6.15                        | 4.59                       | 5.37                   | 17%                |
| Permitting                      | 15%–19%             | 4,068–2,931     | 9.22                        | 6.65                       | 7.93                   | 74%                |
| First production                | 10%–14%             | 6,410–4,436     | 14.53                       | 10.06                      | 12.29                  | 169%               |
| Full production (post ramp-up)  | 5%–9%               | 10,714–7,067    | 24.29                       | 16.02                      | 20.15                  | 350%               |

Source: Edison Investment Research

## TMC's valuation has yet to incorporate regulatory progress

At the implied 26.9% discount rate, and allowing for a couple of percentage points either side of this number given recent share price moves, our framework implies that TMC is currently valued around the boundary between the pre-feasibility and bankable feasibility stages. We believe the market has yet to recognise the regulatory progress that has already occurred: full compliance, certification of USA-B, publishing of the EIS to the Federal Register, and a signed commercial agreement with the contractor that will build and operate the system. The permitting stage, at an average of c \$8.12 per share, is the nearest relevant range in our framework, and we believe the grant of the commercial recovery permit is likely to be a key catalyst to drive TMC's share price into that permitting range.

## The production ramp-up

---

### Potential delays to ramp-up

Commissioning and ramping up a mining project can fail in different ways. Commissioning is a discrete engineering event: the equipment is assembled, tested and demonstrated to work. The ramp TMC expects from 2Mt wet in 2029 to 11Mt in 2031, and a sustained c 10.8Mt a year thereafter, is a continuous operating achievement, and the operational demands it makes increase with volume.

Management's comments illustrate the distinction between commissioning and ramp up. System commissioning is expected to use a two-collector configuration, with one collector entering production and the second following. The Hidden Gem offshore production vessel is production-ready but, as management noted at the FY25 results, needs to demonstrate it is capable of higher production levels than it has achieved to date. Sustaining the harvesting plateau of c11mt wet requires 273 operating days a year, an uptime of 74.8%, from a system running continuously at 4km in open ocean, supported by a synchronised logistics chain in which a transfer vessel shuttles to bulk carriers while collection continues uninterrupted. Onshore capacity must scale in step, which through the first five years means tolling arrangements sized to the volume. It is entirely possible for TMC to commission in Q427 as guided and still fall short of the plateau, and because a significant portion of value sits in the plateau years rather than in first production, that is the more consequential risk.

### Recovery rates and operating costs as ramp-up risks

TMC's resource statement covers a very large area of sea floor, of which only a small proportion has been directly sampled, and the PFS reserve is a subset of that. The actual nodule abundance and grade across the mining area could prove lower or higher than estimated, both of which have consequences that are likely to ultimately affect TMC's valuation.

If abundance is lower than modelled, the collectors must traverse more ground to deliver the same tonnage. Offshore operating cost is dominated by the collection vessels at \$107 per dry tonne and fuel at \$33, as both scale with the area covered rather than with the tonnage lifted, so a shortfall in abundance raises unit costs at the same time as reducing volumes. If abundance or grade proves better than modelled, the constraint moves onshore, where additional volume must be tolled, shipped and processed. In either direction, the model's \$340 per dry tonne is a steady-state figure derived from an operation that has yet to run at scale, and early-year unit costs are likely to be higher if fixed offshore capacity is spread across low volumes.

### Balance sheet impact

TMC ended June 2026 with cash of \$98.7m and total liquidity of c \$143m, including c \$44m of undrawn credit facilities. Cash consumed by operations was \$42.9m in FY25, and management continues to regard cash on hand and undrawn credit as more than sufficient for at least 12 months. The underlying free cash outflow in Q226 was c \$11m, similar to Q225. This rate of outflow gives TMC well over a year, and while we would expect net cash outflows to increase as the company approaches system commissioning and if potential processing at Brownsville moves forwards, we have little visibility over future cash consumption.

Development capital is a separate question, and TMC has yet to publish a total funding requirement to first production. A ramp-up delay compounds in three ways: it reduces the present value of the cash flows; it keeps the discount rate elevated because the de-risking milestone shifts further out; and it extends the period of spending without revenue, raising the risks of an equity issue at a depressed price.

### Allseas agreement a substantial mitigant

Against this, the Allseas agreement of 11 May is the most substantial mitigant. Under the previous arrangement, described in March, TMC and Allseas were to share pre-production development costs equally. Allseas will now fund a significant portion of those costs and recover them through production revenues. That is a transfer of near-term funding risk away from TMC's balance sheet and onto the counterparty that owns the vessel, has completed the basic engineering and has aligned its own return to the project's production. We believe that a contractor prepared to fund development against future revenues is making a more credible statement about the schedule than the company could

make on its own behalf.

## Potential positive impact from lower collection and logistics costs

Management has also been consistent that unit costs should fall with repetition once the first system is deployed, identifying logistics and energy as the near-term levers. The potential to eliminate the transfer vessel by offloading directly to bulk carriers should simplify the offshore transfer chain. Our model assumes no such improvement, such that any lowering of unit costs should have a positive impact.

In our model a 10% reduction in nodule collection and transport opex from \$179 per dry tonne to c \$161 per dry tonne raises TMC's valuation by c \$1.68 per share at an 8% discount rate and c \$0.89 at a 15% discount rate.

## Metal price sensitivity

Volumes and recoveries have a large effect on TMC's valuation, but when we run each input through our model in isolation to gauge sensitivity, our model is c 1.6 times as sensitive to metal prices as to operating costs. At steady state, revenue in our model is c \$550 per dry tonne of nodules against operating costs of \$340/t, leaving EBITDA at c \$210/t and a margin of c 38%. Since unit operating costs in our model are fixed per tonne, movement in price falls through to EBITDA.

We model a 20% price move in both directions and use a  $\pm 20\%$  band to approximate the dispersion of long-run price forecasts across the four metals. We also express the result as an elasticity: the percentage change in NPV divided by the percentage change in the price. Nickel's 1.26x elasticity means a 1% change in the price of nickel moves NPV by 1.26%.

**Exhibit 8: NPV elasticity by metal (8% discount rate) (excluding net cash)**

|           | NPV after 20% price increase | NPV after 20% price decrease | Change in NPV from increase/decrease | Elasticity |
|-----------|------------------------------|------------------------------|--------------------------------------|------------|
| Nickel    | 9,788                        | 5,836                        | 25.3%                                | 1.26x      |
| Manganese | 9,075                        | 6,549                        | 16.2%                                | 0.81x      |
| Copper    | 8,571                        | 7,052                        | 9.7%                                 | 0.49x      |
| Cobalt    | 8,252                        | 7,372                        | 5.6%                                 | 0.28x      |

Source: Edison Investment Research

## TMC more sensitive to nickel and manganese than copper and cobalt

An elasticity above 1.0x indicates the degree of sensitivity: because operating costs do not move with price, NPV rises by more than the price does. The ranking follows revenue share, so nickel at 44% of revenue dominates and cobalt at 10% is far less material. All else equal, a 20% move in the cobalt price is worth 5.6% of NPV, against 25.3% for nickel. The symmetric elasticities imply there is no cost structure that flexes with price and no by-product credit that offsets a downturn. Nickel and manganese together account for 72% of revenue and c 2.1x of the total 2.9x price elasticity (ie assuming a 20% move across all four metals). Looking at metals prices in isolation, the valuation is therefore most sensitive to nickel and manganese.

**Exhibit 9: NPV impact of metal price variations (excluding net cash)**

| Price move | Nickel NPV change | Manganese NPV change | Copper NPV change | Cobalt NPV change |
|------------|-------------------|----------------------|-------------------|-------------------|
| $\pm 10\%$ | 12.8%             | 8.2%                 | 4.9%              | 2.8%              |
| $\pm 15\%$ | 19.2%             | 12.3%                | 7.4%              | 4.3%              |
| $\pm 20\%$ | 25.6%             | 16.4%                | 9.8%              | 5.7%              |
| $\pm 25\%$ | 32.0%             | 20.5%                | 12.3%             | 7.1%              |
| $\pm 30\%$ | 38.4%             | 24.6%                | 14.8%             | 8.6%              |

Source: Edison Investment Research

## Metals supply, demand and outlook

Our long-run metals price assumptions are slightly more conservative than consensus overall, below on copper and cobalt, level on manganese and above on nickel.

**Exhibit 10: Consensus vs Edison metal price forecasts**

|                     | Consensus Price Forecast |        |                 |                        | Edison Price Forecast |        |                 |                        |
|---------------------|--------------------------|--------|-----------------|------------------------|-----------------------|--------|-----------------|------------------------|
|                     | 2027                     | 2028   | long-term price | share of total revenue | 2027                  | 2028   | long-term price | share of total revenue |
| Nickel (\$/t)       | 17,383                   | 18,043 | 18,699          | 41%                    | 19,845                | 19,845 | 19,845          | 44%                    |
| Manganese (\$/dmtu) | 5.15                     | 5.35   | 5.44            | 28%                    | 5.15                  | 5.35   | 5.44            | 28%                    |
| Copper (\$/t)       | 14,073                   | 14,005 | 13,984          | 21%                    | 13,889                | 13,845 | 10,979          | 17%                    |
| Cobalt (\$/t)       | 50,006                   | 45,707 | 46,589          | 11%                    | 41,895                | 41,895 | 41,895          | 10%                    |

Source: Bloomberg Intelligence, Edison Investment Research

**Explaining Edison's metals price assumptions**

**Nickel.** Our long-run nickel price assumption of \$19,845/t (\$9.00/lb) triangulates three inputs: the exchange forward curve, since nickel is a mature and deeply traded commodity whose curve gives a reasonable guide to future prices; consensus estimates from a range of sources; and the prices at which nickel developers are running their own technical studies, which cluster around \$8.80/lb within a \$7.70–10.50/lb range. Our \$9.00/lb sits modestly above both that peer benchmark and the average price since 2004 of \$7.96/lb, deliberately so, to allow for the supply disruption and price volatility that Philippine and Indonesian export restrictions have repeatedly produced. In TMC's case, we would characterise the assumption as conservative. The nickel market has been persistently soft, with the International Energy Agency (IEA) expecting the c 200kt surplus in 2025 to persist to 2030 as Indonesian supply continues to expand, and Bloomberg Intelligence consensus places nickel at \$18,699/t long term. That consensus figure is an exchange price, however, and the exchange market is dominated by class II material. TMC will not sell into that market. Its output is nickel-copper-cobalt alloy and matte destined for battery-grade nickel sulphate, a segment that is materially tighter.

**Copper.** Our copper price assumptions, unlike nickel, are not flat: \$13,889/t (\$6.30/lb) in 2027 and \$13,845/t in 2028, fading to \$10,979/t (\$4.98/lb) from 2029. The near-term figures track the forward curve and reflect a market defined by supply tightness rather than demand strength. Mine supply is struggling to keep pace, new projects are scarce and largely confined to brownfield expansions, the concentrate market is in structural deficit with treatment charges pushed to negative levels, and falling ore grades and persistent cost inflation have reset the long-term incentive price materially higher. The IEA projects a 25% deficit in primary supply by 2035 on the current project pipeline, citing a 40% decline in average grades since 1991 and lead times of c 17 years from discovery to production. The long-run figure is anchored differently, on the price the industry itself uses for planning: recent preliminary economic assessments and pre-feasibility studies from early-stage copper developers converge on c \$4.80/lb, within a \$4.30–5.22/lb range, a level treated as a conservative basis for investment and financing decisions. That fade is the appropriate assumption for TMC because its plateau years fall well beyond the period the current tightness is likely to span, and the short-term supports (supply disruption, sulphuric acid shortages following the closure of the Strait of Hormuz, and tariff-driven inventory building in the US) are unlikely to persist into the 2030s. Copper carries an elasticity of 0.49x.

**Cobalt.** The Democratic Republic of the Congo, which produces c 70% of global cobalt, banned exports in early 2025 and replaced the ban with a quota capping shipments at less than half of 2024 production. Cobalt approached \$58,000/t in Q126, more than three times the prior year. Bloomberg Intelligence consensus expects this to unwind to \$46,589/t long term as the quota normalises and lithium iron phosphate adoption weighs on battery demand. We use \$41,895/t, below consensus, because the current price is policy-driven rather than demand-driven, and because Indonesian by-product supply has grown from c 1.5% of global production in 2020 to c 15% in 2025. At 0.29x, cobalt is the smallest price sensitivity in the model.

**Manganese.** We use the same long-term price as Bloomberg Intelligence consensus, \$5.44/dmtu, despite a spot price below that level. Manganese supply is the most concentrated of the four, with China producing over 95% of global battery-grade manganese sulphate in 2025, and only two refineries operating outside of it. The US had no operating capacity in 2025 and is projected to hold c 20% of global capacity by 2035 if planned projects deliver. This capacity would be built at higher cost than the incumbent Chinese base and therefore implies a higher clearing price. Gabon, which supplies 64% of US manganese imports, will restrict ore exports from January 2029. At 0.82x, manganese is the second-largest price sensitivity in the model, so this assumption carries more weight than its 28% revenue share suggests.

## Consensus metals prices raise our NPV by c 9.1%

Substituting consensus prices raises our NPV by c 9.1%, indicating that the valuation does not depend on optimistic commodity assumptions. The uplift is almost identical at every discount rate, from 9.0% at 8.0% to 9.2% at 30%, because a price change flows proportionally through revenue while the discount rate compounds through time.

**Exhibit 11: Consensus versus Edison metal prices – NPV impact**

| Discount rate | NPV with Edison metal prices (\$m) | NPV at consensus prices (\$m) | Change in NPV |
|---------------|------------------------------------|-------------------------------|---------------|
| 8%            | 7,713                              | 8,407                         | 9.0%          |
| 15%           | 3,969                              | 4,328                         | 9.0%          |
| 20%           | 2,614                              | 2,852                         | 9.1%          |
| 25%           | 1,788                              | 1,952                         | 9.2%          |
| 30%           | 1,260                              | 1,377                         | 9.2%          |

Source: Bloomberg Intelligence, Edison Investment Research

## Brownsville development an option

In December 2025, TMC secured an exclusive right of negotiation over a 50-year lease for a 1,466 acre site at the Port of Brownsville, Texas. Its strategic partnership with Mariana Minerals is supporting TMC's PFS on a 12Mtpa industrial processing plant. Mariana's novel AI-driven approach should help speed up the process. A bankable feasibility study is expected by end-October 2026. TMC believes such a sizeable plant could make a significant contribution to, if not potentially solve, the US's supply chain dependency across the four metals. TMC estimates that it can produce material more cheaply in Texas than existing Asian rotary kiln electric furnace (RKEF) lines and also pointed out the optionality to process other feedstocks at the site. Importantly, the company is not committing any capital at this point in time and suggests that an ultimate decision is likely to be conditional on financial support from this administration. A successful outcome from the permitting process with NOAA should help unlock support for the Port of Brownsville site.

Brownsville is not required for first production. TMC's processing strategy is sequential: a five-year tolling agreement with PAMCO in Japan, which has already processed nodules at industrial scale and remains the only commercial-scale demonstration of the flowsheet; then additional tolling partnerships scaling with the offshore ramp; and only then dedicated US refineries. Tolling means TMC ships its nodules to a third party's existing plant, pays a fee per tonne processed and retains ownership of the metal produced. The commercial significance is that it converts what would otherwise be capital expenditure into operating cost. TMC does not have to build or finance a plant to begin generating revenue. Our model adopts TMC's own offshore processing and refining assumption of \$141 per dry tonne, which under a tolling arrangement is incurred as a processing fee rather than as construction spending during the ramp up. Therefore, TMC would be paying away part of the processing margin to the toller and would remain dependent on third-party capacity being available when needed. With Brownsville in place, this trade-off would reverse as TMC would capture the processing margin internally and control its own capacity, but only after committing the capital necessary for production.

The domestic processing decision should therefore be treated as an option at this point. We think this may be explained by the fact that the deciding vote rests with the US government, though the supporting mechanisms are further advanced than the absence of headlines suggests: executive order 14285 directs three federal agencies to identify financing tools, and DIBC membership enables non-dilutive government financing. Management believes it can process more cheaply in Texas than existing Asian RKEF lines and has referred to discussions with other operators about providing capital for the site.

## There is value in the initial assessment

There is an important distinction between resources such as those in the IA, and reserves as in the PFS. Mineral resources are identified concentrations of minerals that have yet to be deemed economically viable for extraction. TMC's IA relies mostly on indicated and inferred resources rather than measured, and such estimates are therefore generally thought of as less reliable. Reserves are resources that have been shown to be economically reliable and extractable, and are typically supported by more detailed studies/subject to more stringent criteria.

The \$23.6bn NPV given by TMC consists of two components: \$5.5bn for the PFS and \$18.1bn for the IA. At the August 2025 CMD TMC showed the potential of this resource, which covers c 124,000km<sup>2</sup> with estimated recoverable nodules of 670mt, a production start in 2037 and a 23-year mine life. The confidence level of the IA is lower than the PFS, with TMC describing the concept of the IA as 'What it could be' versus 'What it should be' for the PFS while the mineral estimate output for the IA is described as 'inferred, indicated, and measured resources' versus 'proven and probable reserves' for the PFS.

TMC showed in its Q226 results presentation (slide 24) that its stock trades at c 8% of its Securities and Exchange Commission-compliant \$23.6bn NPV versus an average of 58% for TMC's nickel developer peer group. If we assume the market is ignoring the IA given the long time horizon, and therefore only considering the PFS the current implied NPV of c \$2bn (market cap less net cash) equates to 37% of the PFS, still a significant discount versus TMC's chosen nickel peer group. This discount could be explained by a variety of factors such as the offshore location of TMC's resource versus the onshore location for peers and associated execution risks. However, such an approach also implies that the potentially larger resource represented by the IA is currently valued at close to zero by the market incorporating a very limited, if any, option value.

Assuming that is the case, one could ask: if you owned that asset instead of TMC, would you sell it for zero/give it away for free? While this is playing devil's advocate, one suspects there are not many market participants who, if they possessed 124,000km<sup>2</sup> with potentially 670mt of recoverable nodules, would give it away for free. While we accept that 2037 is a decade away, and the IA resources need further assessment to determine levels of reserves, we have nevertheless attempted to assign a value to the IA and have used two similar approaches set out in Exhibit 12 below. While this is not included in our TMC valuation it does support it, as discussed in the Valuation section below.

### Exhibit 12: Attributing some value to the IA

| Approach 1: production multiplier                |        | Approach 2: profit after tax per mt |        |
|--------------------------------------------------|--------|-------------------------------------|--------|
| Steady-state profit after tax from PFS (\$m)     | 1,300  | PFS total profit after tax (\$m)    | 19,184 |
| PFS steady-state production (mt)                 | 10.8   | PFS total resource recovered (mt)   | 164    |
| Steady-state production (mt)                     | 27.0   | Profit after tax per mt (\$m)       | 116.7  |
| IA: multiple of PFS                              | 2.50   | IA total recoverable resource (mt)  | 670    |
| Steady-state profit after tax from IA (\$m)      | 3,250  | Value (\$m)                         | 78,194 |
| Years of production                              | 20     | One-off costs (%)                   | 10.0%  |
| Value (\$m)                                      | 65,000 | One-off costs (\$m)                 | 7,819  |
| Estimated start-up costs & other non-operating % | 10.0%  | Value (\$m)                         | 70,375 |
| Start-up costs and other non-operating (\$m)     | 6,500  |                                     |        |
| Value (\$m)                                      | 58,500 |                                     |        |
| Discount rate (%)                                | 12.0%  | Discount rate                       | 12.0%  |
| Years to 2037                                    | 10     | Years to 2037                       | 10     |
| Life of mine                                     | 23     | Life of mine                        | 23     |
| Total years for discounting                      | 33     | Total years for discounting         | 33     |
| Discount factor                                  | 0.0238 | Discount factor                     | 0.0238 |
| Value (\$m)                                      | 1,390  | Value (\$m)                         | 1,672  |

Source: Edison Investment Research

Approach 1 takes our estimated steady-state profit after tax (PAT) from the PFS and scales this up to estimate the steady-state value of production of the IA using a conservative 2.5x multiple, implying steady-state production per annum of 27mt rather than 40mt, and assumes this over 20 years, slightly shorter than the 23-year life of mine to account for ramp up and down, which should be shorter as processes and engineering should be well-established for this mine. We also assume one-off costs (for example start-up costs) of 10% and a conservative 12% discount rate (assuming the IA has been somewhat de-risked by the successful PFS) over 33 years. This results in a value for the IA of c \$1.4bn.

Approach 2 takes our estimated total PAT from the PFS project and derives PAT per million tons of material. We then apply this to the IA recoverable resource to give a total value. Consistent with approach 1 we assume one-off costs of 10% and a conservative 12% discount rate over 33 years. This results in a value for the IA of c \$1.7bn.

Given the large number of years involved the discount factor is 0.024, meaning that the undiscounted value would have to change significantly to have a big impact. This small discount factor is why the \$15bn undiscounted value difference equates to only c \$300m of NPV. Our 10% one-off cost estimate of between \$6.5bn and \$8.1bn is also conservative given the PFS should have been in steady state production for a number of years by 2037. The average of the two approaches is \$1.53bn which equates to c 92% of TMC's current market capitalisation or c \$3.50 per share indicating the degree of potential even a small amount of recognition regarding the IA could have on the current share price. We have no reason to expect TMC to sell this asset but if it did, or if a partner were to farm into it, the potential upside could be significant. Whatever happens, we think it unrealistic to attribute zero to the IA.

## Valuation: \$12.30 per share justifiable over 12–18 months

Our analysis demonstrates that multiple variables can explain the relatively low current valuation of TMC compared to TMC's combined NPV of \$23.6bn. We believe the valuation should largely incorporate differences between current consensus metal price forecasts and TMC's assumptions given that this data is easy to source. This implies that the implied discount rate, while perhaps incorporating an element of metals price risk, is primarily driven by internal and external execution risks, including regulatory/permitting/environmental risks, equipment commissioning, recovery rates, operating expenditure, production ramp up, materials processing and the potential risk of delay, which, depending on the length, could include some financing risk.

Using our discount rate ranges as a reference, the implied 26.9% discount rate based on our model suggests that at around \$4.0–5.0 per share TMC is valued within either the bankable feasibility or pre-feasibility stages.

### Exhibit 13: Value by development stage

| Stage                           | Discount rate range | NPV range (\$m) | Per share range – high (\$) | Per share range – low (\$) | Average per share (\$) | Upside from \$3.75 |
|---------------------------------|---------------------|-----------------|-----------------------------|----------------------------|------------------------|--------------------|
| Preliminary economic assessment | 30%–34%             | 1,359–1,068     | 3.08                        | 2.42                       | 2.75                   | -40%               |
| Pre-feasibility study           | 25%–29%             | 1,887–1,447     | 4.28                        | 3.28                       | 3.78                   | -17%               |
| Bankable feasibility study      | 20%–24%             | 2,713–2,023     | 6.15                        | 4.59                       | 5.37                   | 17%                |
| Permitting                      | 15%–19%             | 4,068–2,931     | 9.22                        | 6.65                       | 7.93                   | 74%                |
| First production                | 10%–14%             | 6,410–4,436     | 14.53                       | 10.06                      | 12.29                  | 169%               |
| Full production (post ramp-up)  | 5%–9%               | 10,714–7,067    | 24.29                       | 16.02                      | 20.15                  | 350%               |

Source: Edison Investment Research

TMC has moved through substantial compliance in March, full compliance in April, certification of USA-B in May and publication of the USA-A application in the Federal Register in August, and management's guidance has been broadly reliable. The company has also signed a commercial agreement with the contractor that will build and operate the system and completed basic engineering on the long-lead packages. These are events a discount rate should arguably reflect.

While one might argue that the current valuation appears fair at this point in time, market convention is to look at valuation 12–18 months ahead, with price targets typically set on that basis. Although TMC has a PFS rather than a bankable one, there are key milestones over the coming quarters that should support a higher valuation.

## Potential catalysts that could close the gap

We believe a major catalyst over the next 12 months is the granting of the commercial recovery permit, which management expects ahead of system commissioning in Q427. While Q427 might seem a long way off it is only c 12 months until 1 October 2027. The evolution of the EIS from drafting to posting on the Federal Register followed by a 60-day public comment period and final determination is also likely to support de-risking, although perhaps to a lesser extent. The expected award of the eight Allseas subcontract packages by end-Q326 should deliver clarity regarding the fabrication cost base, and the Brownsville bankable feasibility study, due end-October 2026, is the prerequisite for any federal support for domestic processing.

We also believe the market attributes little or no value to the IA, and while on the one hand we can understand this given the associated time horizon, we would also ask investors to bear in mind whether, if they owned it, they would give it away for free. As TMC continues to de-risk through permitting and system commissioning there is a chance that the market may start to de-risk the IA. Were this to happen the additional value uplift, even on our very conservative approaches above, could be material based on our c \$1.53bn (c \$3.50 per share) valuation.

Management has delivered against guidance consistently through 2026, and while the recent shift in the phasing of USA-A certification shows that the regulatory timetable is not entirely within the company's control, the Q427

commissioning date is unchanged. On that basis we treat the sequence above as achievable rather than aspirational.

Using our framework, the permitting stage supports an average share price of \$7.93, c 110% above the current price. Commissioning on schedule in Q427 and a sustained ramp as expected by TMC move the company towards the first production stage, lifting the potential valuation to just over \$12.30 per share on average.

We therefore believe \$12.30 is an achievable valuation looking out 12–18 months as it captures the value that should be created if TMC enters the system commissioning/first production stage as planned in Q427. It implies a discount rate of c 12%, around the middle of our first production discount rate range.

Another way to think about this is that the bottom end of the first production range with a 14% discount rate equates to c \$10.10 per share. We also believe that investors would not want to see the IA acreage given away for free and that it therefore has value. At an even more conservative valuation of \$1bn it would be worth c \$2.3 per share which together with the \$10.10 per share also supports our \$12.30 per share valuation.

Given the significance of catalysts like the permit, there is the potential that value may be crystallised in something resembling stages rather than the discount to our valuation narrowing gradually over time.

## De-risking likely to broaden the potential investor base

The direction of travel of the share price is also difficult to reconcile with the news flow: on 20 April, at \$4.72, the implied discount rate was 25.1%; on 4 June, following certification of USA-B, the shares were \$6.05 and the implied rate 21.5%; at \$4.96 in late August, after a unanimous ITLOS ruling in TMC's favour, the implied rate was back to 24.3%. Over the past 12 months the shares have traded between \$3.4 and \$11.4, which, while volatile, also illustrates that our analysis perhaps has some merit.

**Exhibit 14: TMC share price (\$)**



Source: Bloomberg, Edison Investment Research

The peer group TMC has selected is populated by conventional onshore nickel and copper developers and producers, which offer investors exposure to the same metals through established mining methods, in known jurisdictions, under mature permitting regimes, making TMC a relatively unique proposition. The appeal is that an investor who wants critical minerals exposure can choose TMC and benefit from the potentially significant de-risking on offer, and as the company de-risks we would expect TMC's appeal to broaden. In the early days unique propositions may be seen as riskier, but once they de-risk they have the potential to benefit from the scarcity value associated with a unique proposition and successful execution.

The potential for de-risking is substantial and mechanical as TMC moves from one stage to the next, the same cash flows are re-discounted at a lower rate, and on our framework each step is worth considerably more than the incremental risk retired.

## Financials

### Changes to forecasts

We update our FY26 forecasts to reflect the higher run rates for operating expenses, which is somewhat offset by a positive contribution from other items and now see TMC ending FY26 with net cash of \$48.8m, somewhat lower than our previous \$65.8m estimate. We note that net cash used in operating activities for H126 was \$20.7m with an overall decrease in cash of \$18.9m in the period, which is consistent with management's guidance that cash of \$98.7m will be sufficient to meet TMC's working capital and capital expenditure commitments for at least the next 12 months from the 13 August 2026.

#### Exhibit 15: Changes to forecasts

|                                   | 2025  | 2026e<br>Old | 2026e<br>New | Change<br>% |
|-----------------------------------|-------|--------------|--------------|-------------|
| Revenues (\$m)                    | 0     | 0            | 0            | N/A         |
| Normalised operating profit (\$m) | (49)  | (47)         | (135)        | 187%        |
| Normalised PBT (\$m)              | (50)  | (47)         | (131)        | 179%        |
| Normalised basic EPS (c)          | (13)  | (13)         | (30)         | 133%        |
| Net debt/(cash), (\$m)            | (118) | (66)         | (49)         | -26%        |

Source: Edison Investment Research

### Sensitivities

We have touched on many risks in this report, encompassing both internal and external execution risks. These include regulatory, permitting and environmental risks; equipment commissioning; recovery rates; operating expenditure; production ramp up; materials processing; and the potential risk of delay. Lengthy delays, technical problems or equipment specifications could introduce some potential financing risk. Metal prices are also a risk and while we note that nickel sits in a market expected by the IEA to remain in surplus to 2030, TMC's production is just ramping up at this point.

More specifically, remaining regulatory steps (certification of USA-A, a notice of intent, a draft EIS with terms, conditions and restrictions, a public comment period, final determination) carry regulatory discretion at each stage, and administrative issues at NOAA have already pushed anticipated USA-A certification to October 2026 and the commercial recovery permit beyond Q127. No commercial recovery permit has ever been granted under DSHMRA, so there is no precedent for how long the final stages take or what conditions they attach.

**Exhibit 16: Financial summary**

|                                      | 2023          | 2024          | 2025           | 2026e          |
|--------------------------------------|---------------|---------------|----------------|----------------|
| Year to December (\$m)               | US GAAP       | US GAAP       | US GAAP        | US GAAP        |
| <b>INCOME STATEMENT</b>              |               |               |                |                |
| <b>Revenue</b>                       | <b>0.0</b>    | <b>0.0</b>    | <b>0.0</b>     | <b>0.0</b>     |
| Exploration & evaluation costs       | (44.8)        | (40.2)        | (24.9)         | (90.0)         |
| General & administrative costs       | (18.4)        | (20.9)        | (24.2)         | (70.0)         |
| <b>EBITDA</b>                        | <b>(59.7)</b> | <b>(53.8)</b> | <b>(222.2)</b> | <b>(134.7)</b> |
| <b>Underlying operating profit</b>   | <b>(63.2)</b> | <b>(61.0)</b> | <b>(49.2)</b>  | <b>(135.0)</b> |
| Amortisation of acquired intangibles | 0.0           | 0.0           | 0.0            | 0.0            |
| Exceptionals                         | 0.0           | 1.8           | (179.2)        | 0.0            |
| Share-based payments                 | (9.2)         | (20.2)        | (90.9)         | (10.0)         |
| <b>Reported operating profit</b>     | <b>(72.4)</b> | <b>(79.5)</b> | <b>(319.3)</b> | <b>(145.0)</b> |
| Net Interest                         | 1.3           | (2.4)         | (0.4)          | 4.0            |
| Exceptionals, warrants etc           | (2.6)         | 0.0           | 0.0            | 0.0            |
| <b>Profit Before Tax (norm)</b>      | <b>(61.9)</b> | <b>(63.5)</b> | <b>(49.6)</b>  | <b>(131.0)</b> |
| <b>Profit Before Tax (reported)</b>  | <b>(73.7)</b> | <b>(81.9)</b> | <b>(319.7)</b> | <b>(141.0)</b> |
| Reported tax                         | (0.0)         | (0.0)         | (0.1)          | (0.2)          |
| <b>Profit After Tax (norm)</b>       | <b>(62.2)</b> | <b>(63.5)</b> | <b>(49.6)</b>  | <b>(131.0)</b> |
| <b>Profit After Tax (reported)</b>   | <b>(73.8)</b> | <b>(81.9)</b> | <b>(319.8)</b> | <b>(141.2)</b> |
| <b>Net income (normalised)</b>       | <b>(62.2)</b> | <b>(63.5)</b> | <b>(49.6)</b>  | <b>(131.0)</b> |
| <b>Net income (reported)</b>         | <b>(73.8)</b> | <b>(81.9)</b> | <b>(319.8)</b> | <b>(141.2)</b> |
| EPS - normalised (c)                 | (22)          | (20)          | (13)           | (30)           |
| EPS - normalised fully diluted (c)   | (20)          | (18)          | (12)           | (29)           |
| EPS - basic reported (c)             | (26)          | (25)          | (83)           | (33)           |
| Dividend (c)                         | 0             | 0             | 0              | 0              |
| <b>BALANCE SHEET</b>                 |               |               |                |                |
| <b>Fixed Assets</b>                  | <b>60.1</b>   | <b>57.7</b>   | <b>60.9</b>    | <b>84.3</b>    |
| Intangible Assets                    | 43.2          | 43.0          | 43.0           | 42.8           |
| Tangible Assets                      | 2.8           | 2.7           | 2.6            | 5.5            |
| Investments & other                  | 14.2          | 12.0          | 15.4           | 36.0           |
| <b>Current Assets</b>                | <b>8.8</b>    | <b>5.3</b>    | <b>120.7</b>   | <b>48.8</b>    |
| Stocks                               | 0.0           | 0.0           | 0.0            | 0.0            |
| Debtors                              | 0.0           | 1.9           | 3.0            | 0.0            |
| Cash & cash equivalents              | 6.8           | 3.5           | 117.6          | 48.8           |
| Other                                | 2.0           | 0.0           | 0.0            | 0.0            |
| <b>Current Liabilities</b>           | <b>(31.3)</b> | <b>(54.5)</b> | <b>(46.0)</b>  | <b>(46.0)</b>  |
| Creditors                            | (31.3)        | (42.8)        | (46.0)         | (46.0)         |
| Tax and social security              | 0.0           | 0.0           | 0.0            | 0.0            |
| Short term borrowings                | 0.0           | (11.8)        | 0.0            | 0.0            |
| Other                                | 0.0           | 0.0           | 0.0            | 0.0            |
| <b>Long Term Liabilities</b>         | <b>(26.6)</b> | <b>(25.6)</b> | <b>(169.0)</b> | <b>(169.4)</b> |
| Long term borrowings                 | 0.0           | 0.0           | 0.0            | 0.0            |
| Other long term liabilities          | (26.6)        | (25.6)        | (169.0)        | (169.4)        |
| <b>Net Assets</b>                    | <b>10.9</b>   | <b>(17.1)</b> | <b>(33.4)</b>  | <b>(82.4)</b>  |
| Minority interests                   | 0.0           | 0.0           | 0.0            | 0.0            |
| <b>Shareholders' equity</b>          | <b>10.9</b>   | <b>(17.1)</b> | <b>(33.4)</b>  | <b>(82.4)</b>  |
| <b>CASH FLOW</b>                     |               |               |                |                |
| Operating Cash Flow                  | (59.7)        | (53.8)        | (222.2)        | (134.7)        |
| Working capital                      | (0.8)         | 12.4          | 0.0            | 0.0            |
| Exceptional & other                  | 0.9           | 9.6           | 168.7          | 65.0           |
| Tax                                  | 0.0           | 0.0           | (0.1)          | (0.2)          |
| <b>Net operating cash flow</b>       | <b>(59.6)</b> | <b>(31.8)</b> | <b>(53.6)</b>  | <b>(69.8)</b>  |
| Capex                                | (0.5)         | (0.5)         | (0.2)          | (3.0)          |
| Acquisitions/disposals               | 0.0           | 0.0           | 0.0            | 0.0            |
| Net interest                         | 0.0           | (0.1)         | (0.4)          | 4.0            |
| Equity financing                     | 20.1          | 28.9          | 168.4          | 0.0            |
| Dividends                            | 0.0           | 0.2           | 0.0            | 0.0            |
| Net Cash Flow                        | (40.0)        | (3.3)         | 114.2          | (68.8)         |
| <b>Opening net debt/(cash)</b>       | <b>(46.8)</b> | <b>(6.8)</b>  | <b>(3.5)</b>   | <b>(117.6)</b> |
| FX                                   | 0.0           | 0.0           | 0.0            | 0.0            |
| Other non-cash movements             | 0.0           | 0.0           | 0.0            | 0.0            |
| <b>Closing net debt/(cash)</b>       | <b>(6.8)</b>  | <b>(3.5)</b>  | <b>(117.6)</b> | <b>(48.8)</b>  |

Source: The Metals Company accounts, Edison Investment Research

## Contact details

1111 West Hastings Street,  
Vancouver BC V6E 2J3  
Canada  
[www.metals.co](http://www.metals.co)  
(+1) (604) 631 3115

## Revenue by geography

N/A

## Management team

### Chairman and chief executive: Gerard Barron

Gerard Barron was an early adviser to DeepGreen from its formation in 2011, becoming a strategic adviser in 2013, and is the co-founder, chairman and CEO of TMC, a role he has held since the business combination 2018. He is a seasoned entrepreneur who launched his first venture while still at university in Australia and has since built multiple global companies across battery manufacturing, media, technology and future-focused resource development. He was a first money investor in industry-leading companies, including Nautilus and Sirtex Medical. Previously he founded Adstream, a global advertising technology and services provider, and served as the company's CEO until December 2013, growing the business to over \$100m in global revenue per year.

### Chief development officer: Anthony O'Sullivan

Anthony O'Sullivan had been DeepGreen's chief development officer since July 2017 and assumed the same role for TMC upon completion of the combination. From 2014 until 2017 he was vice president exploration for Quantum Pacific Exploration, and COO of Nautilus from 2005 to 2012. He has over 30 years' mining experience with a track record of delivering innovative solutions across multiple continents, both in the terrestrial and marine environments, and has previously been part of the BHP Billiton Global Exploration Leadership Team.

### Chief financial officer: Craig Shesky

Craig Shesky had been DeepGreen's head of financial markets and investor relations since February 2021 and became CFO of TMC upon the business combination. He has over 15 years' combined experience in public investing, metals research and investment banking in New York including 12 years at King Street Capital Management, which involved recommending investments in the global metals and mining space and navigating complex investments around the world.

### Chief strategy officer: Erika Ilves

Erika Ilves is an entrepreneur and seasoned strategy lead and has been chief strategy officer at TMC since December 2018. She was co-founder of Offworld from 2015 to 2018, an industrial robotics company, where she led a team of machine learning engineers to develop teachable mining robots, and was also co-founder of Shackleton Energy from 2013 to 2016, where she developed an international public-private consortium to create technologies to extract water ice from the moon. Her previous 15 years of strategy consulting experience includes time with McKinsey & Company and TANDBERG (acquired by Cisco).

## Principal shareholders

|               | %      |
|---------------|--------|
| Allseas Group | 14.15% |
| Eras Capital  | 13.82% |
| Gerard Barron | 5.93%  |
| Korea Zinc    | 4.45%  |

Source: Bloomberg, 17 September 2026

---

## General disclaimer and copyright

This report has been commissioned by The Metals Company and prepared and issued by Edison, in consideration of a fee payable by The Metals Company. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2026 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

---