

The Metals Company

Capital markets event adds positive colour

The Metals Company's (TMC's) application for an exploitation licence through the US legislative framework provides the potential to accelerate the group's plans and management now expects commercial operations to commence in Q327. The release of a technical report summary (TRS) of the pre-feasibility study (PFS) for the NORI-D block provides further granularity, particularly on the anticipated economics. The capital markets event provided additional context and insights into TMC's long-term strategic direction and future potential

| Year end | Revenue (\$m) | PBT (\$m) | EPS (¢) | DPS (¢) | P/E (x) | Yield (%) |
|----------|---------------|-----------|---------|---------|---------|-----------|
| 12/23 | 0.0 | (62.0) | (20.00) | 0.00 | N/A | N/A |
| 12/24 | 0.0 | (61.0) | (18.00) | 0.00 | N/A | N/A |
| 12/25e | 0.0 | (40.0) | (14.00) | 0.00 | N/A | N/A |

Source: Company data, LSEG Data & Analytics

Key highlights of the PFS on NORI-D

TMC's report provides significant detail on the exploration and environmental campaigns carried out by the company, as well as a plotted history of the development of the deep-water Clarion-Clipperton Zone. The key component is the analysis of the financial potential of the project. Analysis of the costs suggest initial capex investment required of \$545m (including a conservative \$53m of escalations), with a through-mine-life EBITDA of \$254 per dry tonne, a margin of 43%. The mining plan envisages 12.5Mtpa of nodule capacity.

Valuation updated

The PFS values NORI-D at \$5.5bn, while the initial assessment (IA) values the other resources at \$18.1bn, giving a total valuation of \$23.6bn. The new valuation for NORI-D has fallen from \$6.8bn, primarily due to a more conservative view on the percentage of resource recovered, along with more detailed analysis of the cost structure. We also note that the valuation uses a discount rate of 8%, arguably low from an equity investment perspective, but the internal rate of return (IRR) at 27% is clearly attractive.

Future plans

Management has provided views on how the business could develop longer term. This includes insight into the development of refining operations in the US and the potential opportunity to introduce a metals as a service (MaaS) model to retain long-term control of material providing greater, extended and more stable economic interest.

Capital markets event

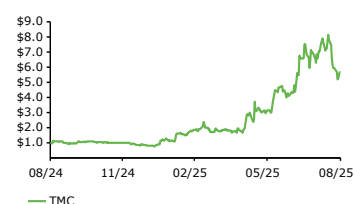
Metals and mining

11 August 2025

Price **\$5.62**
Market cap **\$2,211m**

Net cash/(debt) at 31 March 2025 \$(7.7)m
 Shares in issue 400.5m
 Free float 57.0%
 Code TMC
 Primary exchange NASDAQ
 Secondary exchange N/A

Share price performance



| % | 1m | 3m | 12m |
|------------------|--------|-------|-------|
| Abs | (17.0) | 89.7 | 468.6 |
| 52-week high/low | | \$8.6 | \$0.7 |

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

Q225 trading update 14 August

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Capital markets day

TMC held a capital markets day on 4 August. The presentation decks can be found [here](#) and [here](#). The following are our key takeaways from the event.

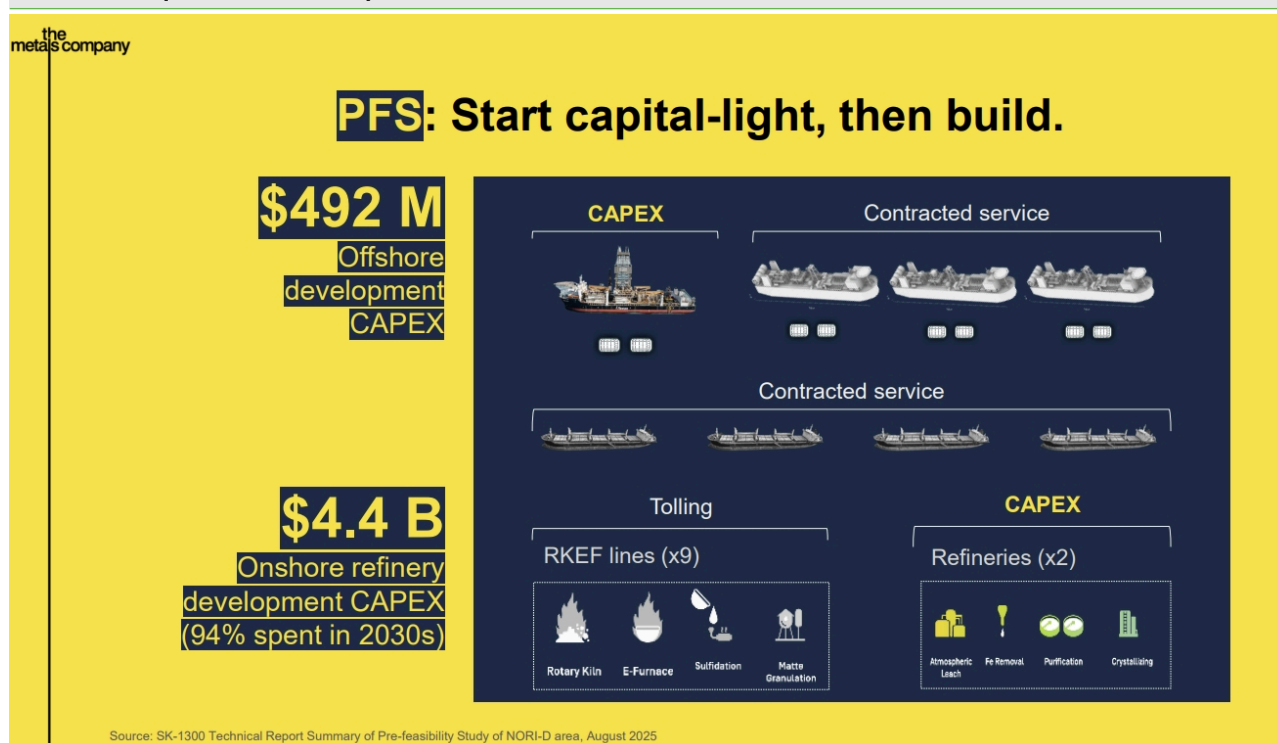
Operational financials

TMC published the [TRS](#) for the PFS for the NORI-D block, where the group plans the first commercial nodule retrieval. The report was prepared in accordance with subpart 1300 of SEC regulation S-K (SK-1300). While the document covers the mineral resource data, we see the most interesting aspects on the financial side, with a review of the expected investment requirements and returns.

TMC plans to commence nodule recovery using a capital-light model. This will require the acquisition of the initial nodule retrieval vessel (the *Little Gem*, which has already undergone modification and on-site sea trials through TMC's partner Allseas) and other associated costs. Post Allseas credit and including \$53m of assumed escalation, this is estimated to be \$545m (\$492m excluding escalations, further details can be found on pages 381–400 of the TRS). The additional vessels required to reach planned 12Mtpa capacity, as well as all processing, are to be outsourced under a tolling agreement. Such work is already well advanced, as evidenced by the nodule processing by PAMCO (see [press release](#) for latest details).

Once fully established and cash flow positive, phase two of the plan is to build refining capacity in the US. This is likely to be required for the exploitation licence and to comply with US tariffs on imported minerals, as highlighted in Exhibit 1.

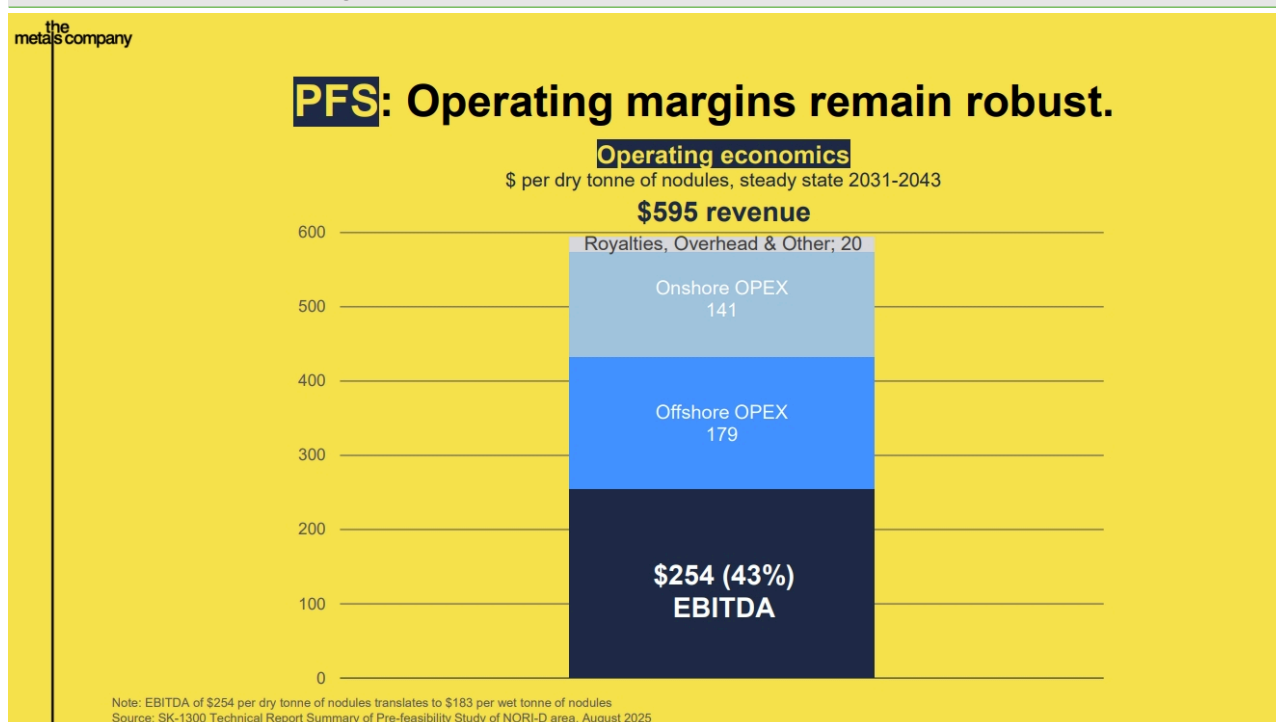
Exhibit 1: Required financial capital investment



Source: TMC

The PFS also provides estimated operating costs associated with the 30-year mine project at \$340 per tonne. These are combined with assumed life-of-mine metal prices for nickel of \$20,295U/t (6 August price of \$15,024/t on London Metals Exchange, LME), for copper of \$11,440/t (LME 6 August price: \$9,638/t) and for cobalt of \$56,117/t (LME 6 August price: \$33,335/t). Overall, this suggests revenue per tonne of dry nodules of \$595 and EBITDA of \$254, with a margin of 43%. The mining plan is for c 12Mtpa of wet nodules, which have c 28% moisture content.

Exhibit 2: Estimated operating financials over the life of mine



Source: TMC PFS

Permitting

As discussed in our previous [note](#), the move by President Trump via his executive order 'Unleashing America's Offshore Critical Minerals and Resources', through the existing Deep Seabed Hard Mineral Resources Act (DSHMRA) has enabled TMC to switch its licencing application from the UN-sponsored International Seabed Authority to the US legislation. In April, TMC USA submitted applications to the National Oceanic and Atmospheric Administration (NOAA), the US federal agency responsible for administering the DSHMRA, for a commercial recovery permit (covering the NORI-D zone) and two exploration licences.

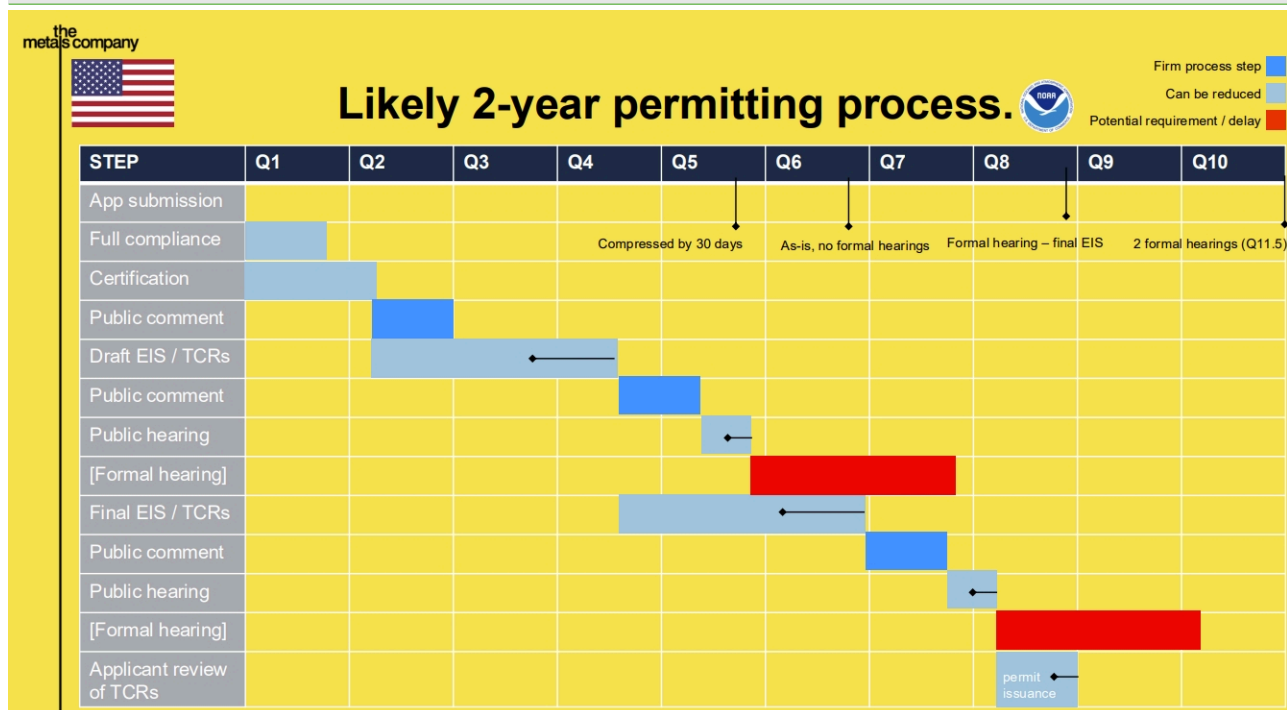
The DSHMRA has recently announced revised regulations to streamline the process for obtaining licences, which will allow the NOAA to issue a permit within a 180–460-day time frame. Exhibit 3 provides a best-case timeline.

Exhibit 3: NOAA commercial recovery permit approval process

| | within 60 days | within 100 days | within 180 days | within 180 days | |
|--------------------|--|---|---|--|----------------------|
| Application lodged | NOAA issues a written notice determining whether application is complete (§971.210) | <i>Certification of application:</i> Upon receipt of a complete application, NOAA undertakes consultation with various Federal agencies and publishes receipt of application in the Federal Register for "interested persons" to comment. NOAA also holds a public hearing on draft EIS and application. Subject to these consultations and public comments, NOAA certifies application. (§§971.211, 971.212, 971.300(c)) | NOAA proposes issuance of commercial recovery permit together with proposed terms, conditions and restrictions ("TCRs"): 1. NOAA notifies applicant of proposed TCRs; and 2. NOAA publishes proposed issuance of commercial recovery permit together with proposed TCRs and draft EIS in the Federal Register for "interested persons" to comment. NOAA may also hold a public hearing on the proposed issuance of the commercial recovery permit. 3. NOAA completes consultations with various Federal agencies. (§§971.400, 971.401, 971.402) | NOAA makes final determination on issuance of commercial recovery permit. NOAA issues commercial recovery permit together with appropriate TCRs. NOAA publishes final EIS in the Federal Register. (§§971.400, 971.410) | Application approved |
| | | | | | |

Source: TMC

Exhibit 4 offers an anticipated timeline for the award of a commercial exploitation licence for TMC, which would permit the first commercial activities to commence in Q327.

Exhibit 4: Anticipated timeline for permit


Source: TMC. Note: Q1 refers to Q125.

Valuation

The PFS covering NORI-D and the IA for the remaining NORI and TOML resources provide a combined valuation of \$23.6bn. These valuations use a post-tax discount rate of 8%, which we would consider somewhat low for equity investors given the risk profile at the current stage of development. That said, TMC clearly trades at a significant discount to the current PFS and IA net present value (NPV) calculations. Encouragingly, the IRR of 27% for PFS on NORI-D and 36% for the IA covering the undeveloped blocks.

Exhibit 5: TMC's resource valuations

| <div> <div>the metals company</div> <div> PFS + IA = economic potential of 1.6Bt resource. </div> </div> | | | |
|---|--------------------|-------------------|-----------------|
| | 2025 PFS | 2025 IA | Combined |
| Approach | Capital-light | Contracted | |
| Resource base | 363 Mt | 1,276 Mt | 1,639 Mt |
| Recoverable nodules in wet tonnes | 164 Mt | 670 Mt | 834 Mt |
| Post-tax NPV ₈ | \$5.5B | \$18.1B | \$23.6B |
| IRR (real terms) | 27% | 36% | |
| Revenue over life of project | \$69.9B | \$298.9B | \$368.8B |
| Revenue per tonne of dry nodules, steady state | \$595 | \$605 | |
| EBITDA over life of project | \$29.2B | \$171.9B | \$201.1B |
| EBITDA per tonne of dry nodules, steady state | \$254 | \$347 | |
| EBITDA margin per tonne, steady state | 43% | 57% | |
| C1 Cash cost per tonne of nickel incl. byproduct credits | \$1,065 | -\$6,939 | |
| All-In Sustaining Cost (AISC) per tonne of nickel incl. byproduct credits | \$2,569 | -\$5,903 | |

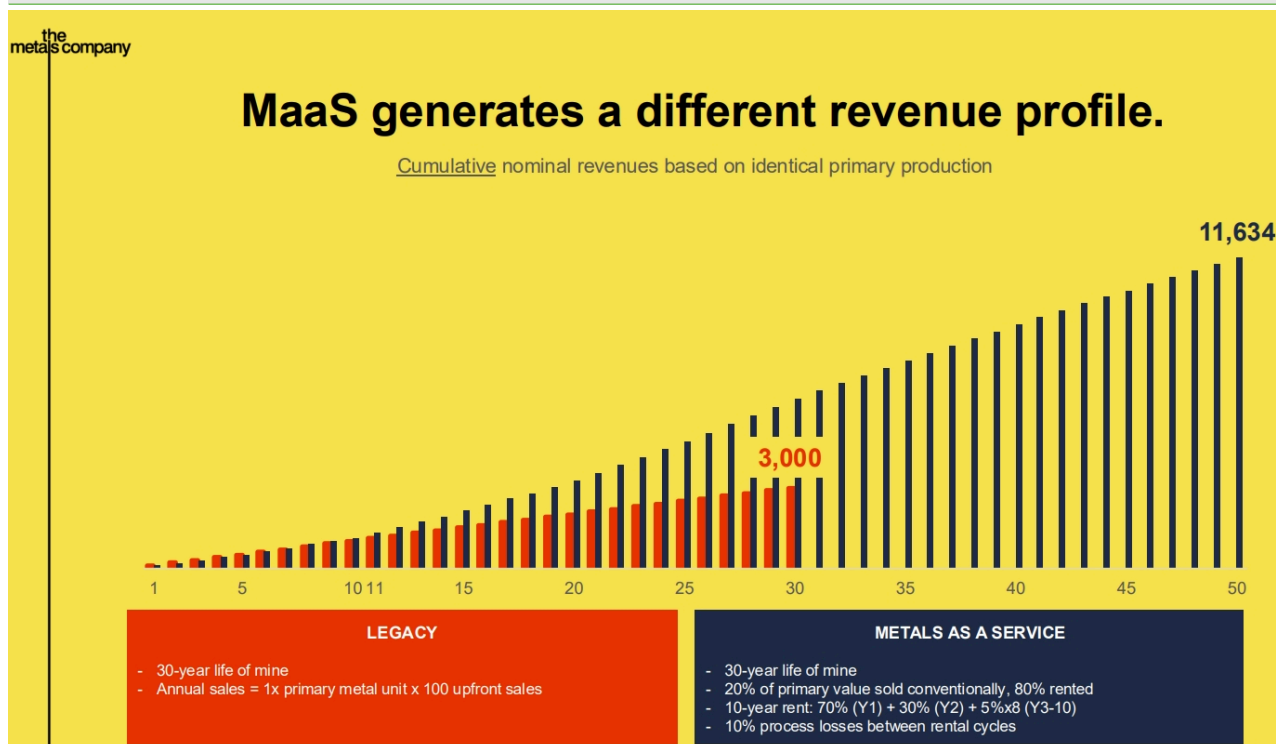
Note: 'Steady state' defined as 2031-2043 for 2025 PFS and 2039-2058 for 2025 IA.
Source: SK-1300 Technical Report Summary of Pre-feasibility Study of NORI-D area, August 2025; SK-1300 Technical Report Summary, Initial Assessment of NORI and TOML areas, August 2025

Source: TMC

Metals as a Service (MaaS)

Management is looking to evolve its business model from the sale of material (ie the battery metals produced) to the leasing of metals. This would provide a longer cash flow than the c 30-year life of a mine and potentially a more stable revenue stream than that achievable from one-off sales. It would also allow the metals to be held on TMC's balance sheet. Clearly, this would require additional recycling and processing investment, as well as extended financing. Such a model would appear more applicable to sectors with strong original equipment and circularity already in place, such as automotive batteries. Management believes that such a model could add 50% to the NPV valuation of a mine. The company has provided an indication for the potential benefit to cash receipts, although it remains unclear to us the extent of market appetite or the validity of the financial expectations at what appears to still be an early stage.

Exhibit 6: Mining versus MaaS potential revenues (\$bn)



Source: TMC

Exhibit 7: Financial summary

| | 2022 | 2023 | 2024 | 2025e |
|--------------------------------------|----------------|---------------|---------------|---------------|
| Year to December (\$m) | US GAAP | US GAAP | US GAAP | US GAAP |
| INCOME STATEMENT | | | | |
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| Exploration & evaluation costs | (66.2) | (44.8) | (40.2) | (15.0) |
| General & administrative costs | (20.9) | (18.4) | (20.9) | (25.0) |
| EBITDA | (84.4) | (59.7) | (53.8) | (39.9) |
| Underlying operating profit | (87.1) | (63.2) | (61.0) | (40.0) |
| Amortisation of acquired intangibles | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | 0.0 | 0.0 | 1.8 | 0.0 |
| Share-based payments | (17.1) | (9.2) | (20.2) | (15.0) |
| Reported operating profit | (104.2) | (72.4) | (79.5) | (55.0) |
| Net Interest | 1.1 | 1.3 | 0.0 | 0.0 |
| Exceptionals, warrants etc | (67.8) | (2.6) | 0.0 | 0.0 |
| Profit Before Tax (norm) | (86.0) | (61.9) | (61.0) | (40.0) |
| Profit Before Tax (reported) | (170.9) | (73.7) | (79.5) | (55.0) |
| Reported tax | 0.0 | (0.0) | 0.0 | 0.0 |
| Profit After Tax (norm) | (86.0) | (62.2) | (63.5) | (48.0) |
| Profit After Tax (reported) | (170.9) | (73.8) | (79.4) | (55.0) |
| Net income (normalised) | (86.0) | (62.2) | (63.5) | (48.0) |
| Net income (reported) | (170.9) | (73.8) | (79.4) | (55.0) |
| EPS - normalised (c) | (36) | (22) | (20) | (13) |
| EPS - normalised fully diluted (c) | (32) | (20) | (18) | (14) |
| EPS - basic reported (c) | (71) | (26) | (25) | (15) |
| Dividend (c) | 0 | 0 | 0 | 0 |
| BALANCE SHEET | | | | |
| Fixed Assets | 44.8 | 60.1 | 57.7 | 46.0 |
| Intangible Assets | 42.8 | 43.2 | 43.0 | 43.0 |
| Tangible Assets | 2.0 | 2.8 | 2.7 | 3.1 |
| Investments & other | 0.0 | 14.2 | 12.0 | 0.0 |
| Current Assets | 49.7 | 8.8 | 5.3 | 0.0 |
| Stocks | 0.0 | 0.0 | 0.0 | 0.0 |
| Debtors | 0.0 | 0.0 | 1.9 | 0.0 |
| Cash & cash equivalents | 46.8 | 6.8 | 3.5 | 0.0 |
| Other | 2.9 | 2.0 | 0.0 | 0.0 |
| Current Liabilities | (41.7) | (31.3) | (54.5) | (42.8) |
| Creditors | (41.7) | (31.3) | (42.8) | (42.8) |
| Tax and social security | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term borrowings | 0.0 | 0.0 | (11.8) | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 |
| Long Term Liabilities | (11.7) | (26.6) | (25.6) | (25.3) |
| Long term borrowings | 0.0 | 0.0 | 0.0 | (13.7) |
| Other long term liabilities | (11.7) | (26.6) | (25.6) | (11.6) |
| Net Assets | 41.1 | 10.9 | (17.1) | (22.0) |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' equity | 41.1 | 10.9 | (17.1) | (22.0) |
| CASH FLOW | | | | |
| Operating Cash Flow | (84.4) | (59.7) | (53.8) | (39.9) |
| Working capital | 17.8 | (0.8) | 12.4 | 0.0 |
| Exceptional & other | 0.0 | 0.9 | (2.2) | 0.0 |
| Tax | 0.0 | 0.0 | 0.0 | 0.0 |
| Net operating cash flow | (66.6) | (59.6) | (43.6) | (39.9) |
| Capex | (1.2) | (0.5) | (0.5) | (0.5) |
| Acquisitions/disposals | 0.0 | 0.0 | 0.0 | 0.0 |
| Net interest | 0.0 | 0.0 | (0.1) | 0.0 |
| Equity financing | 29.7 | 20.1 | 28.9 | 35.0 |
| Dividends | 0.0 | 0.0 | 0.2 | 0.0 |
| Net Cash Flow | (38.1) | (40.0) | (15.1) | (5.4) |
| Opening net debt/(cash) | (84.9) | (46.8) | (6.8) | 8.3 |
| FX | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-cash movements | 0.0 | 0.0 | 0.0 | 0.0 |
| Closing net debt/(cash) | (46.8) | (6.8) | 8.3 | 13.7 |

Source: Company accounts, Edison Investment Research

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