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Operator

Good day, and thank you for standing by. Welcome to The Metals Company Third Quarter 2024 Corporate Update Conference Call. [Operator Instructions] Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker today, Craig Chesky, CFO. Please go ahead.

Craig Shesky

Thanks, everybody, and please accept our apologies for a bit of a delay here. We appreciate you joining for our third quarter 2024 corporate update conference call. Please note that during this call, certain statements made by the company will be forward-looking based on management's beliefs and assumptions from information available at this time. These statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control.

Additionally, please note that the company's actual results may differ materially from those anticipated. And except as required by law, we undertake no obligation to update any forward-looking statements.

Our remarks today may also include non-GAAP financial measures, including with respect to free cash flow and additional details regarding these non-GAAP financial measures, including reconciliations to the most directly comparable GAAP financial measures can be found in our slide deck being used with this call. And you're welcome to follow along with our slide deck or joining by phone, you can access at any time at investors.metals.co. And I will now turn the call over to our Chairman and CEO, Gerard Barron.

Gerard Barron

Thanks, Craig, and thanks to all of you for joining our third quarter conference call. Typically, in these calls, we remind everyone about our value proposition and provide incremental project updates. But if you're listening, you likely already know that this is a world-class high-grade resource that is significantly undervalued based on any reasonable metric.

You may even be sick of us reminding you of that.

All of that information is still readily available and included in the appendix. What we'd really like to talk about is our strategy to start unlocking that significant value now, rather than waiting for first production. And over the last 2 weeks, we've seen some events that we believe are going to be watershed moments in TMC's journey. Last week, we saw a U.S. election where Republicans will see themselves take the White House and both houses of Congress.

We have allies on both sides of the aisle and have been talking with the Biden administration for years. But since people ask us all the time, if this was a good outcome for TMC, the answer is an [ emphatic ] yes. But more on that shortly. Earlier this week, we issued a press release, which confirms our plans to submit NORI's application for an exploitation contract on June 27, 2025, along with our strategy and detailed rationale for the selection of this date. And just a few minutes ago, we announced a registered direct offering led by our largest nonaffiliated institutional shareholder to help ensure that we will have the financial resiliency to see this work through.

As you have heard from me many times before, protecting the equity is something that I care deeply about. And this is also a key consideration for our two largest shareholders, Allseas and our Director, [ Andre Kakar ]. And it's why the 3 of us have provided over \$60 million in credit facility capacity for the company following an upsizing of mine and [ Andres ] facility this month. At the same time, we've also heard from some in the market that they just don't see such a low cash balance, nor are they comfortable with a rising debt balance during a period of regulatory uncertainty.

As such, we are pleased to announce that we've taken some money and terms, which by no means up to my expectations for where we should be valued but are above market terms for a normal course public transaction like this. And this deal was anchored by a major institutional shareholder that we've gotten to know closely over the last years. And I'm delighted to deepen that relationship. It was also supported by various existing shareholders for good measure. It is certainly reassuring to see this kind of support from the market to augment the continued strong support from Allseas and ERAS Capital. And to keep our team's eyes on the critical work ahead. On that point, we issued a press release, which confirms our plan to submit NORI's application for an exploitation contract to the ISA on June 27 of next year. This decision was made in consultation with our sponsoring state of Nauru, who have formally requested in a letter that the ISA clarified the submission and review process at the March 2025 meetings before NORI's submits the application. And this will allow council to agree on the process prior to NORI's application submission date of June 27, 2025, providing certainty to NORI, the company and the ISA and allow for the review of the application to begin immediately after it is submitted under an agreed upon process. But TMC's value proposition extends beyond a narrow focus on mining code and the NORI application.

We are now in a strong position to leverage our investment of over \$0.5 billion and capabilities developed over the last decade plus as the eyes of the world's largest economies turn to the seafloor, to produce the metals needed for the energy transition, defense infrastructure and the needs of a growing world population. To that end, we are pleased to announce this week that we are developing a new services business for seafloor resource development.

We are already in discussion with several parties on services contracts to provide our expertise, the areas of new exploration plans of work, resource definition, environmental impact assessments, data management and offshore campaign execution.

We also intend to optimize and diversify our [indiscernible] to help us explain these new initiatives, we intend to announce a Strategy Day to occur before [indiscernible]. And while our new services business may assist on the revenue side, we're also taking a sharp look at the cost side of the business.

First of all, we are going to be cut spending with a target of less than \$5 million in operating expenses per quarter. Further, we do not expect to raise funds for capital expenditures related to the preparation of the Hidden Gem vessel, until such time as the final regulations are adopted, the application is approved based on the draft regulations, or until other potential nondilutive strategic finance is in place.

So how did we come to the decision of delaying the production capital spending and reducing operating costs post application? Well, the answer is through input from our key stakeholders. After taking a hard and honest look at what has been holding our share price back since going public. A year before going public, we were raising money at \$3 per share.

Just before proceeding with our public listing, we were raising money at \$10 per share. But today, the price is around \$1. And if you look at the capital we have raised and invested in what we certainly believe were value-creating project development milestones, you are forced to confront a stark reality and that is that the TMC market cap is below the total capital raised. Considering what we've accomplished since 2021 alone, it's frustrating for us, and I'm sure for many of you, to see our market cap sitting at about 60% of the nearly \$0.5 billion we've spent since inception, de-risking these projects. Never mind what may be tens of billions of underlying asset value based on the resource itself. We clearly think this historic milestones achieved have inherently created value. And this coiled spring has just kept getting tighter. And what's all of this work -- has all of this work been worth it? And why doesn't the market seem to agree currently? Our resource is more than just nickel, but focusing on nickel developers for a public company comp, it's quite obvious that we're valued at a small fraction of our peers, many of which faced their own regulatory and permitting hurdles, in addition to higher CapEx requirements inherent in land-based capital-heavy mining. But the share price is the share price. And rather than complain and second guess what the market thinks, we reached out to our institutional investors and analysts with an informal survey. We asked them to rank 5 factors by importance for any potential rerating of the TMC stock. An adoption of the ISA Mining Code emerged as the single most important factor that is likely depressing the TMC stock.

So through this lens of shareholder value maximization, we believe it is wiser to get the application over the line and then resume project development after the ISA adopts the mining code or grand cell application based on the existing draft rules. But I'll now turn it over to Craig to discuss some of these capital considerations further.

Craig Shesky

Thanks, Gerard. And I believe the slides that have been working on the webcast, I believe there's a frozen a moment, but they are available on our website as well.

So when TMC did less on the NASDAQ, we published an SEC standard compliant initial assessment of the NORI-D project, or more familiar terms of PEA. The purpose of the PEA is to offer an early stage -- purpose of the PEA is to offer early-stage conceptual assessment of the potential economic viability of mineral resources in NORI-D.

Now PEA shows how much development capital would be needed to get NORI-D to produce 12 million [indiscernible] per year. And importantly, it was based on a 100% new build scenario. It assume that we build all the production assets like the natural collection vehicles and logical processing and refinery plants and do all of that ourselves.

I think as everybody is now aware, it's not our plan to do that. We've obviously shown that we don't have to do that. With our partner, Allseas, providing our first production vessel and our partner [ Gamco ] providing a turnkey solution for processing. And we're pleased to announce that we have now completed a pre-feasibility study, or PFS, for this capital-light strategy.

Now we're finalizing approvals and sign-ups on this SEC compliant document, and we look forward to providing more information, including summary project economic data in our upcoming Strategy Day in December. Unfortunately, as I said, TMC doesn't have to be spending anything on preproduction CapEx for the onshore component of our operations, thanks to the availability of existing processing facilities likely [indiscernible] owned by our partner [ PAMCO ] in Japan. And a world's first commercial-scale nodule processing trial on a 2,000-ton sample of nodules has been underway at [ Pamco ] [indiscernible] facility since April.

During the first phase of the trial, PAMCO successfully produced 500 tonnes of high-temperature material [indiscernible]. And Phase 2 has now commenced, and we expect these commercial trials to be finalized in early 2025.

So with the U.S. election now behind us, many of the elements that, frankly, have been in a holding pattern over the course of this year are now expected to land in 2025. We've been spending quite a bit of time in D.C., including Gerard's testimony recently to the [ House Select ] Committee on China.

Our sources in D.C. tell us that the long-awaited Pentagon report is nearly fished, and we're optimistic on what it's going to say before the year is out.

Importantly, the National Defense Authorization Act, which is the Department of Defense Annual spending bill, is expected to be signed in December and is also expected to call from the delivery of a feasibility study on [ nodules ] during 2025.

We are also eagerly awaiting the Pentagon's response to our pending application for a \$9 million grant on building a refinery down the road in the United States to refine nodule derived intermediates. We do hope to have more to say on that in the coming quarters. The U.S. interest in this space is not having been a priority for both President Trump [indiscernible] And last year, President Biden announced a demarcation of an additional 1 million square kilometers of seafloor to the U.S. continental shelf.

Over the past year, influential figures from across the political spectrum and the defense and intelligence communities have repeated calls for the U.S. to sign on class, and the growing concern that adversaries are taking advantage of America's absence to undermine its economic and national security interests. And in March, there were public-led responsible use of C4 Resources Act was introduced in Congress, sponsored by 7 representatives, various committees and endorsed by the National Ocean Industries Association and other key industry players, this bill [indiscernible] and other support for nodule collection, processing and refining to close defense and clean energy supply chain vulnerabilities.

Now specifically looking at the ISA, the 2 most influential entities on the ISA file for the United States are arguably the UN delegation and the State Department. Trump's nominations for the UN Ambassador and Secretary State are already [ focal ] public supporters of polymetallic nodules. Trump nominated representative [indiscernible], one of our biggest champions and a staunch supporter of [indiscernible] as a source of U.S. critical materials to serve as U.S. ambassador to the United Nations. Through our contribution to the congressional knowledge based on deep sea mining, we've had the pleasure of meeting with representatives [indiscernible] on multiple occasions. And in actual he was one of the co-leaders of the letter, along with representative [ Rob Whitman ] sent to the Pentagon trying to prioritize C4 modules. The President-elect is also nominated [ Marco Rubio ], Secretary of State, according to media reports. Senator [ Rubio ] in 2022, called out Volkswagen for its ESG hypocrisy in valuing deep sea sentiment over human rights and human life. Overall, it's great [indiscernible] support is being captured their leadership on these pivotal issues as the U.S. enters the second Trump administration.

Now for those of you who joined our last earnings call, you'll remember we highlighted the increased focus on deep sea minerals from among the world's largest economies and industrialized nations with multiple technology trials scheduled for 2025.

During the last quarter, we saw more notable news items. In India, the world's most populous nation and a major consumer of base metals, scientists and engineers of the National Institute of Ocean Technology recently conducted a post nodule collection tech trial in [indiscernible] which -- excuse me, falls under India's exclusive economic zone. Meanwhile, in Norway, which announced its intention to open up parts of its territorial waters for deep sea mining earlier this year. The government allocated a further \$14 million to gather essential resource and environmental data and initiatives which are crucial for the responsible development of [ C4 ] resources.

Just a few weeks ago, a new report by the Federation of German industries, also known as BDI, noted that Germany cannot afford to be left behind on deep sea mineral exploration. The report stated that Germany cannot escape this trend and that "is not a question of weather, but how" deep mineral extraction will take place. The voice of German industry, the BDI, represents 39 industrial sector associations, including the [indiscernible] association of the automotive industry.

Now back to the key remaining deliverable on the NORI-D project, our environmental impact assessment, which with this registered direct offering is the key next remaining element for finalization of TMC's application now with that prefeasibility study finished. With petabytes of data, millions of still in video images and tens of thousands of biological samples, NORI's data set represents one of the largest DC data sets ever compiled. The EIS is tightly focused on assessing the potential impacts of our operations on marine biodiversity and overall ecosystem function. And as time goes on, we're addressing these concerns and continue to demonstrate that activist and media speculation about potential impacts is overblown. We now know that [indiscernible] at the seafloor stay low and settle fast with 92% to 98% of sediment, staying within 2 meters in sea floor. And while activists continue to warn that organisms living in and around areas impacted by the [indiscernible] will not recover post [indiscernible] monitoring conducted earlier this year has shown this to be yet another tactic to mislead. We now have visual evidence that organisms we identified 2 weeks after our 2022 trials in areas where sedimentation was heaviest are still present and alive over a year later. And nodules that were once covered in [indiscernible] are now sitting invisible.

So with our team continuously analyzing the expanding data set over the year -- over the years, excuse me, they've become adept at identifying claims that aren't supported by the data or claims that appear implausible. And a good example of this would be the media frenzy over the so-called dark oxygen production on the sea floor of the [indiscernible] plain, and we think that bubble is beginning to burst. The media were quick to jump in some pretty crazy conclusions about how this fundamentally altered our understanding of life on earth, while NGOs happily pointed to the paper advancing their calls for more [indiscernible].

However, we and some of the media didn't buy the hype. Back in August, a journalist at Science Magazine reached out to my team and our team to let us know that they have not covered the paper because they felt the findings were deeply questionable.

As one of the leading academics interview for the peace warrant, there's a high probability that the paper is wrong. Since then, multiple rebuttals have been submitted, including our own, warning of serious methodological and ethical flaws, lack of data to support the paper's claims and calling for the paper to be retracted. We'd like to point all comments made by the researchers at the University of [ Gutenberg ] [indiscernible] will be the foremost expert from type of [indiscernible] experiments that [ Andrew Sweetins ] team conducted who cited "poor quality land or incubation experiments, leading to faulty oxygen flux measurements." Meanwhile, we were recently contacted by [ Ander Sweetman's ] former employer, [ Harriet Watt ] University would warrant nature geoscience that the Andrew Sweetman data had not been in a campaign reports [indiscernible] to PMC because the serious concerns with its validity. And that they have not authorized Andrew Sweetman to publish this data in his research as a result.

So this, of course, is in direct violation of nature's own policies, which state that an after must obtain authorization to use any data from that data owners.

So arguably, that alone should have been caused for retraction, but we think the way to [indiscernible] levied at the paper will lead to that outcome. On to the regulatory update. The publication of the consolidated regulatory text with the ISA earlier this year was a key milestone in the regulatory process and marked the transition to the final phase of negotiations. The Council completed its first reading at the July session, moving us one large step closer to bringing the process to close. Based on feedback from the first meeting, a revised version of the text will be circulated to all ISA members this month. And after multiple draft regulatory texts, dozens of technical studies and thousands of hours of in-person meetings, we have a very good idea of what that final mining code will look like. Also last quarter, we congratulated the newly elected Secretary General, Brazil's [ Leticia Carvalho ] and our team at the pleasure of meeting [ Ms. Carvalho ] at the UN General Assembly meetings in New York.

Now while the Secretary General will play a major role in ensuring the ISA's decision-making organs can fulfill their mandate, it's important to remember that ultimately, it's the ISA council that is the main driver of negotiations over the mining code. To that end, the council led by its Norwegian President has already set out a thorough agenda of 8 intersectional working groups, which will meet over the coming months to address outstanding issues ahead of its



publication of an updated consolidated text this November.

Now let's turn to what will happen once NORI submits that exploitation application. Under the current draft rules, following NORI's submission, on June 27, 2025, the ISA Secretary would then undertake a brief review of the document to assess it for completeness before handing it over to 41 experts that comprise the organization's main technical body the Legal & Technical Commission. The LTC will then review the application in its entirety, including the [indiscernible] environmental baseline data and impact data that we've compiled before making a decision on whether to approve our project either by consensus or a simple majority vote. With approval from the [ LCC ], it would then take a 2/3 majority from within the ISA Council and a simple majority of each of the council subgroups to overturn a positive LTC recommendation. And that's why we're so confident that the LTC's conclusion is very important based on TMC's environmental impact statement.

So on to the financial results. TMC reported a net loss of approximately [indiscernible] million or \$0.06 per share in the third quarter of 2024 compared to a net loss of \$12.5 million or \$0.04 per share for the same period in 2023. Exploration and evaluation expenses during the third quarter of 2024 were \$11.8 million compared to \$7.9 million for the same period in 2023. The increase was primarily due to an increase in share-based comp due to the amortization of the fair value of restricted stock units and options granted to directors and officers in the second quarter of 2024, increase in mining, technology and process development resulting from increased engineering work by Allseas and higher personnel costs. General and administrative expenses were \$8.2 million for the quarter ended September 30, 2024, compared to \$4.6 million for the quarter ended September 30, 2023. The increase was mainly due to an increase in share-based comp due to the amortization of the fair value and RSUs options granted directors and officers in the second quarter of 2024 including the compensation package for our Chairman and CEO, which would not invest until share price is far higher than where we are today, along with an increase in legal and consulting costs and higher personnel costs.

The third quarter 2020 results also included a gain of \$1.1 million for the change in fair value of warrant liability and charges of \$0.9 million for foreign exchange losses and \$0.6 million of fees and interest on our credit facilities. In the comparative quarter of 2023, again, due to the change in fair value of warrant liability, was [ \$0.1 million ] and charges for fees and interest on our credit facilities were \$0.3 million. In the third quarter of 2024, the net cash used in operating activities amounted to \$5.7 million, compared to \$12.5 million for the third quarter of 2023. The reduction in the third quarter of 2024 compared to the prior period in 2023 is mainly due to change in working capital, reflecting the increase in accounts payable and accrued liabilities, and a reduction in receivables and prepayments. The free cash flow for the third quarter of 2024 was negative \$5.8 million, compared to negative [ \$4.6 million ] in the third quarter of 2023. Free cash flow is a non-GAAP measure and [indiscernible] the non-GAAP reconciliation table included in this slide deck. We believe that our cash on hand, along with the funds just raised through a registered direct offering and the undrawn \$33.8 million unsecured credit capacity on the facility from Gerard Barron and [indiscernible] will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months from today.

During the third quarter of 2024, the company drew \$3.3 million from the credit facilities and short-term debt. The company also raised \$2.3 million under the ATM facility in the third quarter by issuing 1.6 million shares at an average price of \$1.45 per share, after raising \$2.6 million in the second quarter at an average price of \$1.61. There has been no ATM usage in the fourth quarter. With that, we will turn it over to the operator to take into Q&A.

Operator

[Operator Instructions] And our first question is from the line of Matthew O'Keefe of Cantor Fitzgerald.

Matthew O'Keefe

Yes, just -- I'm very interested in the services business potential. I mean, as you pointed out in your presentation, we've seen a lot of interest from in deep ocean from governments like China, India, you mentioned Norway, I guess, Japan as well. What kind of -- like with respect to the services business, how big will this be? Like what's the revenue model going to look like? And is it a big stretch to step it up? Are there a lot of costs to set up this business?

Gerard Barron

Yes. Thanks, Matt. Look, we're super excited about this part of our go forward because we have this amazing expertise that we've gathered over the last decade. And when we look at how we operate our offshore campaigns and resource definition and the success of those campaigns that is now going to be all demonstrated in our application to the regulator, we realized that we've got something very special. And we know that other contractors spend about \$100 million a year at the moment. But we -- there are forecasts in the market that estimate that could increase 10x once the mining code is in place. And that's just in the international waters.

If you add to that territorial waters, then that number could be much higher.

So we see a great opportunity of being able to keep that talent that we've mastered over the last decade and make it available to other operators. And there's no real investment. It's really about looking at that talent that is going to start becoming more available once our application is lodged and how we can help other contractors increase that spend. Because there are some contractors who aren't spending as much money as they should because they're waiting on the mining code to be adopted. That's their excuse. But with the advent of the mining code, then all of that excuse goes away and contract holders will be obliged to move their blocks forwards towards permitting.

Now we know how to do that better than anyone else.

And so we've already been talking to many contractors. I don't think the Chinese contractors are likely to use that service, but I am confident many others will, particularly because we can offer a similar service to several contractors at once, particularly when it comes to offshore deployments, and there are tremendous economic advantages for all of those contractors if they collaborate on some of that work.

Matthew O'Keefe

And is this -- would this just be focused around [indiscernible] [ Clipperton ] or do you see -- not just -- not areas for nodules in other parts of the ocean and also other types of deep-sea mining? Or would you really just focus in your backyard?

Gerard Barron

Look, our backyard is certainly the [indiscernible] for sure. But the services apply beyond into regional waters as well. And we have had conversations already with regards to territorial waters.

Craig Shesky

We would also know, Matt, in terms of the potential elsewhere from the [indiscernible] [ zone ], all of the strategy is incorporated within the capital-light approach.

So this is not something where to say, hey, let's get some shifts to help do this. The services business is really built on expertise that our team has gathered in sort of environmental impact assessments, resource definition other technical matters that, frankly, our team of roughly 50 people are some of the best in the world. But it's not something where you can expect that TMC is going to get out over our skis with respect to additional capital. We certainly would love the opportunity not only in the services business, thinking about future revenue, but thinking about increased the size of the -- increasing the size of the resource portfolio.

So you can think of us as being very nimble and very good stewards of capital and evaluating every opportunity based on the return on equity and the IRR and thinking of shareholders every step of the way.

While we're waiting, I see a question from Ryan [indiscernible]. Elon Musk guaranteed [ cobalt ], [indiscernible] the labor who's in production. How can this be a reality sooner rather than later?

Well, look, I think in terms, Ryan, of thinking where the mix of metals within batteries is ending up, there is a, I guess, always changing equation between how much nickel, how much cobalt, maybe LFP or other forms.

I think what we've seen certainly over the past few quarters is that while we do focus on electric vehicles and that source of demand is going to be very big, for TMC, thinking about some of the metals we produce, such as industrial metals for manganese and nickel used in stainless steel, there are scenarios we could talk about over half of revenue down the road, perhaps coming from some of those sources outside of batteries. It all depends on what the nature of some of our future contracts look like. But the underlying demand for these metals is not only driven by EV batteries. And I think that's one of the reasons, too, when you talk about cobalt or you talk about nickel, it's evolving past the situation of the EV industry struggling with these difficult decisions. And that's why it was so important to see [indiscernible], the incoming Secretary state if he's confirmed calling out Volkswagen and other brands for their [indiscernible] and what some of their sourcing methods are. But I think we can expect over the course of the next year, to see this pivoting away from an EV industry equation and something where it's NGOs versus contractors and really take in the form of the West versus China. And certainly was a feature and then had a lot of our video in the Washington Post article on this topic late last year as well as a few pieces in 60 minutes.

So it is definitely evolving into national security. And certainly, with the Republican administration coming in and the majority in both houses of Congress, that sets up very well. And I think we're positioned better than anybody to take advantage of that.

Operator

And our next question comes from the line of Dmitry Silversteyn of Water Tower Research.

Dmitry Silversteyn

I just wanted to follow up on your service business potential. Are you -- I think, Gerard, you mentioned that you're talking to some contractors now. Are you in discussions that are a little bit more serious than talking at this point? Or is this something that's still in the very early stages?

Gerard Barron

No, it's quite advanced.

We have RFPs out of the market, and we are certainly hoping by the time we have our next conference call that we'll have contracts under our belt.

Dmitry Silversteyn

Wonderful. Did I understand you correctly that you would be able to really sort of dedicate your energy and attention to this business once you're done submitting the application to the ISA? So mid-2025 is when we should think about as the timing of the underway?

Gerard Barron

Well, there is a bit of a lead time, and I would think of it as 2025 calendar year, there'll certainly be more of our team available after that application is lodged. And of course, for us, we see it as an economic opportunity, but we also see it as a great way of keeping the gang together because our team applied, or approached, regularly to go and join other operators. But everyone likes working as part of a coherent team, and we've really amassed some talent. And for us, it's about how do we -- how can we economically keep that team together? And the easiest way is to make them available and sell those services into other operators. And there's tremendous synergies if we can encourage other contractors to work together, but someone needs to bring it together. And of course, it's worth reminding that we have conducted 22 successful offshore campaigns over the last decade. We've had no wipe-outs, and that's really unusual. Look at the amazing collector trial that we ran in 2022 with our partner Allseas. It was amazingly successful. And that's -- we didn't lose a single day of operation through COVID, yet we ran 9 offshore campaigns.

And so we've had some amazing successes in this area.

And so our credentials are very strong, and that provides a good base to go and build a business around, particularly because it doesn't require any investment.

Dmitry Silversteyn

That's good. Gerard. And then one final question, and I think it was just -- I lost connection in my end. But when you're talking about the deep dive [indiscernible] that you're planning to hold. Is that -- can you repeat the dates for that?

Gerard Barron

Yes, we haven't announced the date, but it will be before the end of the year. And we can't wait.

Operator

Our next question comes from the line of Jake Sekelsky of Alliance Global Partners.

Jacob Sekelsky

Just a quick one here. Are you able to provide any additional color on that \$9 million in government funding that Craig had mentioned earlier related to domestic refining capacity? Domestic supply chains are obviously becoming very topical after the election. I'm just curious how advanced you are in that process? And have you identified any potential sites at this point?

Craig Shesky

Yes. Definitely. Appreciate that, Jake. I always going to speak with you. And the answer is yes, we have identified potential sites. The quality of our application, I think, is underpinned by the fact that we haven't thinking in planning on this for a very long time in consultation with our project team as well as our business development team.

So I think because we are so far along it because we do feel we have growing support, and that's only going to multiply exponentially when you see some of the people who are getting into positions of influence within the incoming White House. We feel it's in a very good place.

Now look these applications do take time. We think on average, they've taken over a year for most applicants. And there's always a question of at any point of time, what funding is available from the Department of Defense is Defense Production Act Title III grant program. But it's now been close to 9 months since we launched that [indiscernible].

So it's conceivable in the next couple of quarters that we will know more on that information going forward.

Now in the context of this project in the context of this resource, \$9 million may not sound like a lot. We would say it's more about that explicit support from the government, that's going to be very helpful, not just with eventually building out some capacity in the United States. But that's the type of thing that really does give confidence and cover for other people to kind of put their head above the parapet and not be so afraid of the NGO noise because a lot of people get it. A lot of people understand that this resource is transformational and one extra push where sort of you have explicit support from the U.S., is the type of thing that can make it easier for investors of all shapes and sizes to come on board.

So we're going to view that as a very key moment. But at the same time, it's certainly not a must-have. We view this as being very opportunistic and I think what you've seen in the cadence of news on nodules over the last year shows that this has been an investment well spent and time well spent on our team. I do see a question in the online queue from Tyler McNeil. Can we ensure investors the application date is not going to be pushed back beyond June 2025. And then something on the side of potential services contracts. Well, Gerard did mention on the services business. The addressable market in terms of other contractor spending [indiscernible] of \$100 million per year.

Now we do expect that's a number that will increase substantially as the mining code is getting closer. And there will be requirements from contractors to effectively play catch up on work that perhaps hadn't been pushed forward in the past.

Beyond that, again, the addressable markets beyond just what we're looking at narrowly within the area of the clearing [indiscernible] zone or high seeds, but a lot of other areas in national jurisdictions that we'll see quite a bit of increased spending.

In terms of the application date now being pushed back. Look, we are full [ bore ] on this, and we have our cadence and our schedule lined up and the team is all in agreement on what needs to be delivered. There is a rationale too to say getting that over the line on that June date, we didn't just pick it out of the hat. That's a date that allows us to put forth the best application. But importantly, to ensure that in the March 2025 ISA session, we get additional clarity from the ISA on what the application review process looks like very specifically, such that once the application is in towards the end of June, they can start dealing with it at their July session.

So there's a natural reason why we picked that date and certainly every incentive in the world to ensure that there is no delay beyond that. Gerard, I'm not sure if you have any other comments on that?

Gerard Barron

No other than we -- it's all roads lead to that date. And as we alluded to, there were many stakeholders, we -- many stakeholders we consulted on that.

We also are aware the UN Ocean Council is meeting, which we'll be attending in June of next year as well. We wanted to give that some cleaner.

So it's -- I would say that the amount of dialogue between sponsoring states is certainly on the increase or between member states of the International [indiscernible] Authority. And we're very encouraged by that dialogue, and we think it all leads to adoption of the mining code in the very near future.

Operator

Thank you. This concludes the question-and-answer session from the phone line. I would now like to turn it back to Craig Shesky.

Craig Shesky

Thank you very much. Thanks to everybody for attending this call. Usually, we say we look forward to seeing you on our next quarterly update call, but hopefully, we can see many of you even before that when we announce news and the date for our strategy day before year-end.

So stay tuned on that, and thank you all very much.

Gerard Barron

Thank you, everyone.

Operator

Thank you for your participation in today's conference. This does conclude the program.

You may now disconnect.