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Operator

Good day, and thank you for standing by. Welcome to the Metals Company First Quarter 2025 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 speaker today, Craig Shesky, Chief Financial Officer. Please go ahead, sir.

Craig Shesky

Thank you, Michelle. Please note that during this call, certain statements made by the company will be forward-looking and 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 statement.

Our remarks today may also include non-GAAP financial measures, including with respect to free cash flows. 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.

You're welcome to follow along with our slide deck or if joining by phone.

You can access it at any time at investors.metals.co.

And I'll now turn the conference call over to our Chairman and CEO, Gerard Barron.

Gerard Barron

Thank you, Craig. Well, usually, our first quarter conference calls are a bit quieter as they occur roughly 6 weeks after our year-end report but we have just experienced a 6-week period in which our company and this industry have taken some historic leaps forward.

While the Trump executive order on Seabed Minerals had been rumored for some time in the media, the filing of our application months ahead of expectations was not. And I'd like to personally thank our team for the tremendous efforts to get these three applications over the line in an accelerated path.

Given all of the derisking milestones achieved since our company's inception, we believe that the one thing previously holding back our stock price was the lack of a clear regulatory pathway. And we believe we now have it. And frankly, I don't think the market has accurately priced that in. Despite a nice run-up this year, we believe that the screen remains tightly coiled for the stock. Still, we were cognizant that another key overhang of the stock was fundraising, and we've seen short interest [ tick upward ]. And even after some incredible achievements, we did not want to drift into summer without shoring up the cash balance.

So this week, we did just that through a \$37 million registered direct offering from Michael Hess and Brian Paes-Braga, and an existing strategic investor in TMC. These are all parties that want to be with us for the long haul and a ready, willing and able to roll up their sleeves to help us continue to create shareholder value through significant experience and networks in the resource space, both offshore and onshore.

Michael Hess from the Hess corporate family has 15 years of exploration and production experience as both an investor and operator along with deep relationships across the United States. And Brian Paes-Braga is a long-time investor in TMC, former Board member when the company was known as DeepGreen and continues to be a valuable supporter of the company and a good friend.

And I'd like to take this opportunity to officially welcome our newest member of the executive team, Rutger Bosland. Rutger joins us from our partner, Allseas, and was the pioneering engineer and technical lead on the development of our nodule collection system, leading up to the successful test in 2022 and in which we lifted over 3,000 tons of nodules to the surface. And as our Chief Innovation and Offshore Technology Officer, Rutger is already playing a key role in optimizing the performance of our commercial nodule collection system. The teams at TMC and Allseas are excited about the continuity maintained on this project as we work together to drive toward commercial readiness.

So here is our agenda for today. And while the milestones achieved in the last two months are historic, we are just getting warmed up. And I'm very excited about some key catalysts in the near term. Later this quarter, we expect our applications for exploration licenses and a commercial recovery permit to be deemed substantially compliant and complete respectively, by NOAA, which kicks off the next stage of technical environmental review. Also this quarter,

we expect further detail from the Commerce Department and NOAA on tangible actions to expedite these review processes and look forward to providing a more definitive step-by-step permitting time line to the market soon after.

We will continue to explore alternative financing sources with U.S. government departments and agencies as directed in the executive order as well as strategic partners to prepare for commercial production. But let me be very clear. The equity round just announced is more than sufficient to get us past the expected review process on a commercial recovery permit.

Finally, we are pleased to announce that our PFS will be completed next quarter for the commercial recovery area, over which we applied, allowing us to reflect new assumptions made possible by our U.S. permitting strategy. Further, with this path to commercial production now coming into focus, we intend to provide more clarity on the potential valuation across our total estimated resource beyond NORI-D.

So as most of you know, on April 28, TMC USA submitted the world's first application to the U.S. government for a commercial recovery permit for deep sea minerals in international waters, alongside two exploration license applications under the Deep Seabed Hard Mineral Resources Act. This decision followed many months of due diligence and dialogue with the U.S. agencies and policymakers. We engaged multiple law firms to review DSHMRA and know it's long-standing implement regulations an established framework that is legally sound, robust and enforceable.

In the lead up to our application, we consulted extensively with NOAA as to the regulatory requirements that we will be asked of us and since then have had productive engagements with them as well as the White House and members of Congress, all of whom recognize the strategic importance of this industry to America's energy security and industrial base. And we believe this U.S.-based pathway offers the greatest probability of receiving a commercial permit in a timely, transparent and legally robust manner, giving us clear line of sight to responsible commercial operations. The application area for commercial production covers over 25,000 square kilometers in the Clarion-Clipperton zone. And this is ground we've got to know very well, having conducted years of environmental research and offshore resource evaluation and where we've already defined measured and indicated resources.

In parallel, we've also submitted two exploration license applications covering nearly 200,000 square kilometers. And based on our extensive data, we estimate these areas contain over 1.6 billion tons of nodules with an additional 500 million tons of exploration upside, representing approximately 15.5 million tonnes of nickel, 12.8 million tonnes of copper, 2 million tonnes of cobalt and 345 million tons of manganese. And we believe these license areas offer a shovel-ready pathway to help deliver critical mineral independence for the United States. And as noted in the recent executive order deliver over 100,000 jobs and more than \$300 billion in annual GDP.

So America's role as a pioneer in deep-sea mining in the high seas is often overlooked. But President Trump's recent executive order reminded the world of that legacy and robust regulatory framework already in place to support this industry.

You'll notice the President Signature there in the middle of the map. And the audit directs the Secretary of Commerce to expedite permitting under the U.S. Deep Seabed Hard Mineral Resources Act and tasks multiple federal agencies, including defense and energy with assessing offtake opportunities and domestic processing capabilities. It further calls on key U.S. development finance agencies, to identify tools to support the industry. And in light of our long-standing partnerships in the Pacific, we welcome the director for a joint interagency assessment alongside U.S. allies.

On the feasibility of an international seabed benefit-sharing [ mechanism ] and rest assured that we are having continuous and productive dialogues with the government of Nauru and Tonga on these points.

And the signal is clear. The United States is ready to again lead this industry, backed by a transparent and enforceable legal framework.

For TMC, this brings the regulatory clarity that we've been seeking for our application and supports the broader investment case for developing a strategic domestic supply chain based on deep seabed minerals. It's refreshing to work with the regulator that is not only transparent, but also supportive, flexible and even enthusiastic about the strategic importance of this industry. NOAA has publicly committed to expediting the review of applications and is dedicating the resources needed to avoid undue delays. They've already taken steps to streamline interagency coordination something we're already seeing firsthand in our early consultations. The Department of Commerce has made clear that companies like ours can apply today under existing U.S. law, while Secretary of State Marco Rubio put it plainly, the United States, not China, will lead the world in responsibly unlocking seabed mineral resources and securing critical mineral supply chains with our partners and allies. And we're encouraged by the level of professionalism and urgency from the U.S. agency that we've so far experienced.

Some in the media are also applauding the new U.S.-focused pathway.

We have always admired the economist for quality, independent journalism and we're pleased to see the paper once again return to the topic of deep sea mining with two pieces.

In its May 1 leader, the paper took stock of the executive order for government agencies to ready themselves to start issuing commercial recovery permits for deep sea nodules and acknowledged TMC's front-runner position at the head of "Mr. Trump's Deep [ see Q ]". The paper also offered strong words to the ongoing regulatory delays at the International Seabed Authority warning that if the body wish to retain any influence over the development of this industry that it would do well to pay less heat to activist speculation and focus on fulfilling its legal mandate to establish regulations. And while some media remain focused on speculative studies that ignore decades of real-world data from offshore trials, it's encouraging to see the economist continue to acknowledge the need for trade-offs and that sourcing metals from deep sea nodules is far less harmful than the destruction caused by expanding mining in biodiverse rain forest.

With deep sea mining firmly in the spotlight, I was honored to be invited to testify before the House Natural Resources Subcommittee on how nodules can help revitalize U.S. industry and manufacturing. In his opening remarks, [ Chair Paul Gosse ] [indiscernible] his colleagues to consider the positive economic implications of seabed mining and how the U.S. with its legacy of technological and environmental leadership, can ensure the frontier isn't ceded to China. Echoing these sentiments, my own testimony, which is available on the committee's website and YouTube, spoke to the opportunity for the U.S. to reclaim leadership in an industry it helped pioneer while strengthening critical mineral independence and jump starting a new era of American industrial strength.

Importantly, the hearing gave space for one of the world's leading scientists on [ sediment plumes ] to directly counter activist speculation and reinforce what the data actually chose. [ Dr. Thomas Peacock ], one of the world's leading experts on Deep sea sediment [ plume ] dynamics at MIT warned that, unfortunately, the latest scientific findings are not being used to guide decision-making on deep sea mining. Instead, outdated and debunked claims from activists, such as the fallacies that operations could impact carbon sequestration or spread settlement plumes for thousands of miles are being amplified in the media, despite having no basis in current scientific data. But hopefully, that stale speculative narrative will continue to wear itself out in the face of increasing infield observed data. especially once we're in production.

I'd now like to turn it back over to Craig to discuss the resource a little bit further.

Craig Shesky

Thanks, Gerard.

So there's a remarkable correlation between a nodule's mineral composition and the composition of EV battery cathodes and wiring.

So while lithium iron phosphate or LFP battery attractions, chemistry said gain traction, over 90% of the LFP supply chain is in China. And in the West, nickel-rich chemistries make up over 65% of EV battery cathodes sold today. And most of that are expected to be sold in the future. It was great to see yesterday, GM and LG Chemical announce their excitement over new lithium manganese rich or LMR, cathode technology. LMR offers 33% greater energy density than LFP [ will ] be comparable on cost. With sales made up of 65% manganese and 35% nickel, plus typical EVs requiring 100 to 200 pounds of copper, there is going to be a very robust demand growth market for the metals contained in nodules.

Now as automakers come close to delivering full autonomy, studies suggest that this will require as much battery power for computing as it would require for the powertrain, meaning energy dense nickel batteries should continue to be in high demand. Still, many opposition groups like to say, we don't need these metals.

So don't bother. Well, nobody asked you, but the U.S. government and commodity experts globally would disagree.

As a former metal analyst, myself, I am surprised at how many global NGO spokespeople also moonlight as commodity experts. But even if all of the current and future EV demand magically vanished, the demand for our products will be just fine. These 4 metals are all being critical by the U.S. Department of Energy or the U.S. Geological Survey due to their necessity in myriad applications.

For nickel, that includes stainless steel, generators, turbines and power grid infrastructure; for cobalt, it's aircraft engines, magnets, paints and super alloys; for manganese, it includes carbon steel, alloys and build materials; and for copper, it's basically everything: Wiring, piping, electronics, traditional cars, HVAC, long-haul transmission cables and also that includes a tremendous future power needs for the data center supporting artificial intelligence and other current and future technologies.

So now that we have a better sense of the uses, we can also give you a sense of scale. What would it mean for the U.S. to gain access to, let's say, 1 billion tons? Well, the answer is that would be transformational. And if measured by current U.S. consumption, 1 billion tons of nodules would provide 456 years of manganese, 165 years of cobalt, 81 years of nickel and 4 years of copper. But it's worth remembering that it was U.S. companies and the U.S. government, including NOAA, which pioneered the evaluation and development of this resource back in the [indiscernible] days. The U.S. government developed a regulatory framework and conducted strategic environmental impact assessments. U.S. companies, including Transocean, U.S. Steel, Lockheed Martin developed and piloted nodule collection technology.

So this U.S. leadership did slow, however, when the U.S. did not ratify the UN convention of the law of the sea or UNCLOS. The U.S. did have the foresight, however, to enact DSHMRA so that the U.S. citizens and entities could access seabed resources in international waters.

As we've said, going back to last quarter, U.S. entities can apply to NOAA for exploration and commercial recovery licenses. And because the U.S. has never submitted to the jurisdiction of the ISA, this U.S. law obviously remain a full effect. There are a few handful of nations that have bilateral agreements with the U.S. regarding each other's activities in international waters. But beyond that, U.S. law continues to offer freedom of activity in the high seas.

Now over the last few weeks, we've gotten quite a few questions from investors and stakeholders on the legal side of this question. Many people ask about overlap between the U.S. seabed Mining Code and the ISA, but that's not exactly the right way to think about it. The U.S. isn't claiming any ground or territory in international waters. This is not a question of overlap. Through DSHMRA and the NOAA regulation, the U.S. is merely regulating the free activities of its citizens in international waters in accordance with any law that would apply to with citizens under the freedom of the high seas, just as it would apply to somebody on a fishing boat.

As our private subsidiary, TMC USA doesn't bear obligations under own [ clause ]. TMC's USA's rights are solely defined by the laws of the United States. And on cost does not apply to the U.S. because the U.S. never ratified it nor did it ratify the 1994 ISA implementation agreement. Getting a bit technical, but according to Article 34, the [ Vienna ] convention on the law of treaties, a treaty does not create either obligations or rights for a third state without its consent. And under Article 14 of that same document, a treaty is binding upon the state only when it is expressed its consent to be bound typically through ratification.

So while the U.S. does voluntarily abide by certain aspects of UNCLOS, the U.S. has never contradicted its original understanding of deep sea mining as a freedom of the high seas and has steadfastly opposed Part 11's framework for the ISA led exploitation of deep seabed minerals.

Turning back to our project.

Focusing on the onshore side of our operations. In April of this year, TMC and PAMCO welcomed over 50 representatives including equity research analysts, commodity traders, steel makers and battery consumers and some TMC employees, including myself, to PAMCO's Hachinohe plant in Japan for a site visit.

During the tour, [indiscernible] about TMC's commercial production flow sheet and the final specification products and they were given the opportunity to view samples of the products up close. In February of 2025, as we previously announced, PAMCO successfully demonstrated the smelting of calcine at high-grade, nickel copper cobalt alloy and manganese silicate products. By using PAMCO's existing facility, TMC can eliminate the need for upfront



onshore capital expenditures as part of its capital-light approach.

As a reminder, our applications in NOAA are backed by one of the largest environmental data set ever compiled based on work alongside dozens of respected research institutions and well over \$200 million in cumulative environmental spending.

Bottom line, we believe that we, along with the research pioneers from NOAA and others before that, have [indiscernible] key questions posed for our environmental impact statement, which has now been launched as part of the NOAA process. And we strongly believe that the time has come to move forward, begin production and allowed the data collection to increase exponentially and share even more evidence on the manageable impacts of Deep sea nodule collection.

So now let's turn to project economics and the long anticipated pre-feasibility study or PFS.

As Gerard noted upfront, we expect to release next quarter, our PFS for our first commercial production area. But on top of that, some additional detail and higher level valuation parameters on the resource beyond NORI-D which to date has been nearly all of the people have focused on for underwriting our stock, often ignoring the other 78% of the estimated resource. We often get a question, why not just release all the information now? Well, for one, we've been busy getting these applications complete but also as a NASDAQ listed and SEC regulated company, there are very specific rules on the assumptions and sign-offs required to make resource and financial projections to ensure it's all based on reality and can reasonably be relied upon by investors. Trust us, we are chopping up a bit to be able to share this thing with you.

However, our period to the U.S. earlier this year has led to some changes in long-term assumptions that do require careful consideration, accurate modeling. [ With sign off ] through a handful of external qualified persons or QPs.

Now that we have submitted our applications on an accelerated basis based on an all hands on deck push, our team's attention can turn back to this important work.

As we've discussed for many years, our capital-light approach is made possible by partners like Allseas and PAMCO providing existing assets.

On the offshore side, the U.S. path requires some additional steps, such as the fighting of vessels. In onshore, we are looking forward to processing in the U.S. one day. But we in the U.S. government understand the reality is that processing will occur outside the United States for some period of time. And now on the royalty front, that's one area where the U.S. path very significantly. There will be economic benefits for some allied countries as laid out in the executive order but it's going to be a far cry from some of the more onerous proposals being discussed at the ISA over recent years. Again, we're looking forward to sharing more in the third quarter on this important work stream to provide not only PFS level clarity on our first commercial recovery area, but also additional information on the potential read-through for the entire estimated resource.

So now on to the financial results. TMC reported a net loss of approximately \$20.6 million or \$0.06 per share in the first quarter of 2025 compared to a net loss of \$25.2 million or \$0.08 per share for the same period in 2024. Exploration and evaluation expenses for the 3 months ended March 31, 2025, were \$9.5 million compared to \$18.1 million in 2024 due to lower mining, technological and process development costs as the comparative quarter included costs to transport nodules to PAMCO's facility, resource [indiscernible] costs incurred during campaign 8, which was completed in the first quarter of 2024 and lower costs incurred on environmental and prefeasibility studies, partially offset by an increase in share-based comp. G&A expenses in Q1 2025 were \$8.5 million compared to \$6.6 million in the comparative quarter due to an increase in share-based compensation, partially offset by a decrease in legal costs in the first quarter of 2025. Q1 2025 results also include a loss of \$0.5 million for the change in fair value of warrant's liability and charges of \$1.1 million for foreign exchange losses and \$1 million of fees and interest on our credit facilities and borrowings. Net cash used in operating activities in Q1 2025 amounted to \$9.3 million compared to \$11.8 million in 2024. The reduction in Q1 2025 is mainly due to higher cash outflows relating to the campaign 8 last year, partially offset by higher corporate costs this year. Free cash flow for Q1 was negative \$9.4 million compared to negative \$12.1 million in 2024. Free cash flow is a non-GAAP measure, and I would point you to the non-GAAP reconciliation table included in the appendix of this slide deck.

Now taking a step back to liquidity and capital raising tools. TMC liquidity, which is cash flows borrowing capacity, stood at about \$44 million as of March 31, 2025, or \$81 million pro forma following this month's registered direct offering of \$37 million of gross proceeds. In March of 2025, we increased the principal amount of our unsecured [ ARIS ] bearing credit facility by \$6 million from \$38 million to \$44 million. The credit facility with the affiliate of Allseas Group SA of \$25 million was terminated by mutual agreement as we previously reported, as maturity was approaching and there were no amounts outstanding.

However, the maturity of the \$7.5 million Allseas working capital loan was extended to September of 2025 in Q1 of 2025, the company repaid \$1.8 million of previously drawn amount on the [indiscernible] bearing facility and did not draw any further amount. The company also raised in the quarter, \$5.7 million under the ATM facility, issuing approximately 3 million shares at an average share price in Q1 of \$1.93.

And one matter on corporate housekeeping. The \$37 million registered direct offering and combined with the \$55 million in potential future proceeds from the associated warrants at \$4.50 per share, that would use up the majority of the existing S3 shelf capacity. Shelf capacity calculations do assume that future exercise of any warrants must be included at the time of issue.

So this financing [ came ] from the company well beyond the key milestone of permitting for commercial production. But again, as a matter of good corporate housekeeping, TMC expects to put in place on their shelf to allow for future issuance of various securities as discussions with additional strategic investors continue and as we prepare ourselves for commercial production, even strategics do like registered transactions, whether that's debt or equity securities.

So it's better to have the toolkit full before we need to use it.

So now I might turn it over to the operator to open it up for any Q&A.

Operator

[Operator Instructions] Our first question is going to come from the line of Matthew O'Keefe with Cantor Fitzgerald.

Matthew O'Keefe

Thanks, operator. Gentlemen, what a busy quarter it's been and some great progress.

So again, congratulations on that and I want to thank you for the invitation down to see the [ Bancorp ] facility. That was a real eye opener and the strength of partnerships that you've established is pretty impressive and very confidence building.

But I did have a question around the application to NOAA. Particularly, it seems as though the ground that you've applied for, you need the exploration [ ground ] and then you need the commercial operations. But it looks like the ground is covering the existing two concessions that you had under Noah. That is -- sorry, that you had under the ISA that is what we called before the Nauru area and the Tonga area. But there's an extra like there's an extra concession there as well, and I think you referred to that as saying it has about a 500 million-ton potential. Can you give us any more color on where that is or what we might expect to see around that? This is, again, speaking to the upside that you're talking about.

Gerard Barron

Sure. Well, firstly, thanks, Matt, and thank you for attending the Japan events, and it was great to see several people from the analyst community attend and see firsthand just how real it all is up there. And I was sorry not to be able to join you on that day. But you're right, we haven't released a map of the exact area, yes.

We will very soon. But the additional area is very complementary to some of the Nauru and Tonga ground. And it's an area that is not claimed by any other sovereign. And we feel that's important that while there is an ability to lay claim of the ground that is currently under license through the ISA by other countries. We made a deliberate plan not to do that, obviously, we have the support of Tonga and Nauru and our efforts. And we are -- sorry, can you still hear me?

Matthew O'Keefe

Yes, we can.

Gerard Barron

Yes. Great.

So we have the support of Nauru and Tonga. But we wanted to make sure any additional ground that we did apply for would not have a competing claim over it.

So I can't tell you specifically where that it makes a beautiful mining unit, and I can't wait to share more detail on it. And we know a lot about the ground because it's neighboring to some of our other blocks.

And so we can talk with some confidence about what we [indiscernible].

Craig Shesky

Yes. And just to add one point on that, too. It also does not encompass any areas that had been set aside as areas of particular environmental interest.

So look, we are very eager to share Matt, exactly where it is. But for commercial sensitivity reasons, it makes sense to get past our initial review with NOAA and then share quite a bit more detail very soon.

Matthew O'Keefe

Right. No, that makes sense. And I guess we're coming up on the first 30-day I guess, the end of this month will be the first 30-day where you should hear back about the status of your application. Can you expand a little bit on that process and how you see it unfolding both the 30- and 60-day processes and then beyond that? Is that [indiscernible] get a road map at that time?

Gerard Barron

Look, that's our plan. Yes. I'm traveling to DC tomorrow actually. And we are in regular contact with the authority. And we -- I think it's fair to say it's been a lot of action that we've generated by our application. And I think I wouldn't be speaking out of school to say a lot of excitement inside that department as well. But I have it on good authority that we should be expecting something very soon.

Operator

Next question comes from the line of Jake Sekelsky with Alliance Global Partners.

Jacob Sekelsky

Gerard and Craig.

So a lot to unpack here, obviously, but just a few questions from my end. We've seen a wave of support, obviously, for the space for the last quarter. I'm just curious if you have any thoughts or insights on how this might translate over to the processing side of the equation. And if going downstream longer term is something that you've thought about?

Gerard Barron

Yes, sure. We I mean if we wind the clock back about two years ago, we had an application to the DoD to carry out a feasibility study on a refinery at a site we identified in Texas and since that time, we have made tremendous progress understanding how to treat the nodules with our partner PAMCO. We've engaged with potential processing partners in other nations as well, including Indonesia, which has a wide variety or wide number of options available to us. And one of the requirements though under DSHMRA is that while you can seek exemptions if there's no ability to process those nodules in the U.S.A. that they want to see those jobs and that economic activity come back to the United States.

And so we are working feverously with two groups to evaluate that. We're excited about the progress that has been made. We're encouraged by the noises we're receiving from government agencies about the [indiscernible] cycle. And we've also been approached by a wide number of what I call, Patriot capital providers, people that are very interested in investing in hard assets on the ground to service the future needs of the United States.

So we give it a lot of thought. We think it's a tremendous value-add opportunity.

Of course, if we were to do this 20 years ago, then automation wouldn't be as advanced as it is today. And I think looking at how efficient we can make those processing plants is a high priority, and we're dealing with some of the best people imaginable on helping us on that at the moment.

So yes, so it is a commitment. We like the idea of doing it in the United States. And we've certainly been -- I think in our data would be too strong a word, but we've had a lot of inbound from parties who've expressed interest in having some kind of partnership with us to put that investment into the U.S.

Craig Shesky

Indeed. And make no mistake, Jake, the key equation is going to be the same as it would be prior to the U.S. approach, which is trying to accrete shareholder value, making sure that we're evaluating each of these [ now renounced ] opportunities. On a stand-alone basis, based on IRR, based on the return on invested capital. But the point here is, until such time as we have a commercial recovery permit, the invested capital portion needs to be as small as possible.

So therefore, this is just a great opportunity to continue to bring in partners with strong balance sheets and deep pockets and great connections within the U.S. government. And this is an amazing opportunity for us, medium term, long term. But certainly, we are always keeping an eye on not getting out of our skis in terms of going too far downstream too quickly, given the fact that all of us want to see this in commercial production in its capital light way as possible.

Operator

Our next question comes from the line of Dmitry Silversteyn with Water Tower Research.

Dmitry Silversteyn

Thank you and thank you, Gerard and Craig, I'd like to just add my comments on the trip to PAMCO facility and an excellent job that TMC and the PAMCO folks did in organizing and carrying out that trip. It was really first rate.

Now to the questions.

You mentioned in your remarks that you're exploring some funding opportunities within the U.S. government framework.

So what exactly are you looking to chase down here in terms of either loans or grants or any other financial assistance that the government can provide you in this scenario?

Craig Shesky

Yes, very much taking a -- and thank you for the questions, Dmitry, and it was a pleasure spending time with you and the rest of the team for that PAMCO site visit. It was an excellent opportunity to see that firsthand. But the answer is an all of the above approach. We want to ensure that we're not leaving any stone unturned from what is a great window of opportunity here with a very supportive government.

So we can't comment on too much specifically other than I would direct you to the executive order, which pointed out the exploration of offtake arrangements or rights of first refusal, the directions that the President gave the Departments of Defense and Energy on that front as well as directives to explore financing opportunities for this new seafloor nodule industrial ecosystem that the U.S. wants to build out, directing financial initiatives from the Development Finance Corp [indiscernible] bank. There are a lot of names as part of that executive order. And it's -- I would say, it will be easier to list the agencies and cabinets named to that order that we haven't been having active dialogues with than the other way around. We feel very confident that the time is right to take some of this from theoretical to actually signatures on a page, and we're going to push that as aggressively as possible.

Dmitry Silversteyn

Understood. Great.

Now since these executive orders have come out in rapid fire way in the last 6 weeks, and you guys submitted the application now. Have you seen any -- I guess the best way to ask this question is, what are you hearing from your context of ISA? I know they're in the intercessionary discussions right now. Have you picked up any sense of urgency on their part? Or is it all integration and combination at this point?

Gerard Barron

No, I think Dmitry -- and what we're hearing is that there is action. What we are hearing is that people understand that this has been shining a spotlight on the fact that the regulator had an obligation and hasn't met its obligation. And I think if you listen to some of the comments that have been made by the SG while they're a little bit speculative, I would suggest what they do highlight is urgency. And what we hear discretely from some of the member nations is that there seems to be momentum.

Now of course, our decision is made, we are moving in this direction. But I hope for the other member nations who relied on [ unclass ] and who have been acting in good faith by turning up and carried out all of this research work to further their license ground. I hope for their sake that the regulator can agree a set of terms for the mining good and join us out there.

Dmitry Silversteyn

Okay.

Just to follow up on that a little bit and get some clarity on follow these overlapping lessons this will work.

So let's assume that you get the NOAA license collection license within the next X amount of time before ISA is ready to issue theirs and you begin collections. And then I does get it back together, it does have the regulatory call in place and does evaluate and approve your application for collection in the NORI-D and TOML areas, how does that -- how will that work? How the modules that you're lifting, let's say, the revenues from them will be shared between [indiscernible] in this case, of NORI under ISA rules versus under NOAA rules?

Gerard Barron

So okay, just to be clear, we are applying under the U.S. regs and not the ISA yet to be completed rigs.

So there will be.

Dmitry Silversteyn

Yes. [indiscernible] But I'm saying is once you -- let's say you get the license and you start collecting commercially in the areas. And then the ISA comes through with their code and issued the collection license. How does that work?

Gerard Barron

Well, they won't because we won't have applied. We're not applying to the ISA. We're only going to be applying to NOAA.

Dmitry Silversteyn

Got it.

So your exploration likely will still be an effect, but you're not applying for a collection license?

Gerard Barron

Correct.

Craig Shesky

Dmitry, there are some comments from some of the media or the global community, where they're kind of attempting to treat it all as one ball of wax and pierce the corporate veil. TMC USA is a private entity established 12 years ago. NORI and TOML are separate subsidiaries, and NORI and TOML will continue to do what they need to do to keep the ISA exploration contracts and compliance. But at the same time, we wouldn't want a situation where the complication of having to consider permitting over the same area from two regimes but there would be no reason for us to relinquish our rights to those exploration contracts before any commercial recovery permit of the same area is granted.

Dmitry Silversteyn

Got it.

Okay. Understood. And then one final question along similar lines. Do you foresee any issues with potential customers for your metals, for your product that are ISA member states not being able to purchase these metals from you since there will not be collected under an ISA license?

Gerard Barron

No, I do not. I've heard that reported in the media and -- but I don't see that as being any risk whatsoever. And once again, there's a bit of wing flapping going on around that sort of language. But the world is moving to a position where it is going to be short of these metals. And of course, we think having the United States as our sponsor, so to speak, is probably the best -- well, is the best sponsor we could possibly wish for.

And so we don't think -- certainly talking to the commodity traders as we have done in recent weeks because of the renewed interest, and it seems that everyone is beating a path to our door to have a conversation to see where they can fit into this, they don't perceive issues around that either.

Craig Shesky

While that's occurring, Michelle, I think we'll take a couple of questions that people have written in the webcast. [ Michael Domanski ] asked, can we confirm the PFS release date?

Yes, I had said next quarter, but to be clear, third quarter of 2025.

And a question from [ Kona Reader ]. Can we provide an update on our path to commercialization and any milestones you expect to hit over the next 12 months regarding offtake and regulatory progress?

A Great question, as Gerard had spoken to on discussions with potential commercial partners. We feel very good about where things are heading.

During our site visit, the PAMCO facility, we were accompanied not just by the sell-side research community, but also battery makers, precursor producers, steelmakers. And even in the United States, you're seeing increasing headlines of some of the large automakers relying on battery technology that could benefit from additional supply of nickel or manganese. And look, keep in mind, most of these U.S. automakers never bent to the pressure from global NGOs to exclude these materials from their supply chains. And as we get closer to commercial production, that urgency, that fear of missing out, will only increase.

So in terms of the milestones, the PFS coming up, we think, will be an important one, but also a read-through to the valuation of the rest of the resource portfolio. We're very eager to -- upon having our applications deemed substantially compliant or complete, respectively, laying out a path showing step-by-step what to expect over the coming quarters on that regulatory review.

So this is not going to be a black box. It's not going to be fingers crossed, I hope TMC gets permitted. There should be a very clear path on the milestones to expect.

So keep an eye on this over the coming couple of months, and we can't wait to share more data on that front.

There's a question from [ Keith Ogrin ], providing an update on the status of the hidden gem with respect to the commercial production system.

So Gerard, anything we might want to say on that? It's certainly been an interesting environment from an oil price perspective over the last few months. But certainly, our team continues to be laser-focused on the right scenarios for getting the hidden gem ready for commercial production.



Gerard Barron

Yes. Look, we had -- the honest truth is we thought we had a bit more time because we were going to be -- as we previously announced, we were going to be getting the hidden gem ready for the higher production target, 3 million tonnes. And right now, based on the feedback we're receiving post the executive order, we're now looking at it, how quickly can we get the boat on the water. And how quickly can we get it to an economic number such that it's making money but sacrificing maybe some of the upper tonnage range for speed.

And so that basically means the engineers are back working very hard. It's obviously great that we welcome Roger onto our team, who, of course, was the Project Director on the commercial trials that were very successfully completed in 2022. I can report Allseas remain super supportive. They're an amazing shareholder and an amazing engineering partner for us, and we're working through all of that now.

Craig Shesky

One follow-up question from [ Keith Ogrin ], is NORI no longer planning to submit an application through the ISA in June of this year?

Gerard Barron

That is correct. And just so clear, the NORI license comes up for renewal next year and 2026.

We will be renewing that because NORI is in full compliance. There is no legal basis upon which that license cannot be renewed. And the basis that we would the fact that we're putting an application in under our U.S. subsidiary to NOAA has no bearing on the fact that we will be renewing that license with the International Seabed Authority.

So we're covering all bases.

Craig Shesky

Michelle, I think we have time for one more question from the line if there's anybody in queue.

Operator

I am showing no further questions on the phone lines at this time. And I would like to hand the conference back over to Gerard Barron for closing remarks.

Gerard Barron

Thank you. Well, look, it's been an amazing 2025, firstly. And I'm very proud of what we've achieved. I'm very proud of the team, how everyone has stuck together over the last -- well certainly over the last decade. And we've been through some interesting times. We've had some highs and some lows, and the one thing we have done is stuck together as a team.

We have an amazing group of committed individuals committed to the purpose, committed to doing the best environmental research committed to getting this new resource into production. And I think everyone is feeling quite proud of the fact that we are in this position where we are today.

We have an amazing board who's also been a tremendous guiding hand through these last months and years. And of course, we have amazing partners, starting with our largest investor, Allseas, who remain at the ready to help us get production started.

We have great partners, as many of you experienced or some of you experienced up in Japan last month. And of course, our sponsoring states. They entered into agreements with us in 2011, in the case of Nauru and 2012 in the case of Tonga. And of course, they did so in good faith under the protection of UNCLOS. Unfortunately, the commitments that they depended upon have not been fulfilled. And yet they remain tremendously supportive, and we will ensure always that their best interests are protected as we move forward.

So I'd like to especially thank them for their never-ending support. And of course, our shareholders.

We have -- we noticed our retail shareholder base growing substantially. I've got to tell you, I love our retail shareholders. I love how committed they are and how they're prepared to go to the mat to defend our corner and to make sure that some of the wonderful scientific results that are becoming apparent, communicated and reminded to those people who sometimes jump to the wrong conclusions. Obviously, I expect our institutional shareholder base will continue to grow.

So to each and every one of you, thank you for supporting us and sticking with us. And I hope it's going to be an amazing 2025. And the decades ahead are going to be a very exciting one.

So thanks for being part of our journey, and thanks for attending today.

Operator

This concludes today's conference call. Thank you for participating, and you may now disconnect.