UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from___ to ___

Commission File Number: 001-39281

TMC THE METALS COMPANY INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
595 Howe Street, 10th Floor **Vancouver, British Columbia**	**V6C 2T5**
(Address of principal executive offices)	(Zip Code)

(574) 252-9333
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	TMC	The Nasdaq Stock Market LLC
Redeemable warrants, each whole warrant exercisable for one Common Share, each at an exercise price of $11.50 per share	TMCWW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐		Accelerated filer	☐
Non-accelerated filer ☒		Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 10, 2023, the registrant had 280,639,790 common shares outstanding.

TMC THE METALS COMPANY INC.
FORM 10-Q
For the quarterly period ended March 31, 2023

TABLE OF CONTENTS

		Page
	Cautionary Note Regarding Forward-Looking Statements	3
Part I	**Financial Information**	5
Item 1.	Financial Statements	5
	Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 (Unaudited)	5
	Condensed Consolidated Statements of Loss and Comprehensive Loss for the three months ended March 31, 2023 and 2022 (Unaudited)	6
	Condensed Consolidated Statements of Changes in Equity for the three months ended March 31, 2023 and 2022 (Unaudited)	7
	Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022 (Unaudited)	8
	Notes to Condensed Consolidated Financial Statements (Unaudited)	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	31
Item 4.	Controls and Procedures	32
Part II	**Other Information**	33
Item 1.	Legal Proceedings	33
Item 1A.	Risk Factors	34
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	34
Item 3.	Defaults Upon Senior Securities	34
Item 4.	Mine Safety Disclosures	34
Item 5.	Other Information	34
Item 6.	Exhibits	35
Signatures		36

In this Quarterly Report on Form 10-Q, the terms “we,” “us,” “our,” the “Company” and “TMC” mean TMC the metals company Inc. (formerly Sustainable Opportunities Acquisition Corp.) and our subsidiaries. On September 9, 2021, Sustainable Opportunities Acquisition Corp. (“SOAC” and after the Business Combination described herein, the “Company”) consummated a business combination (the “Business Combination”) pursuant to the terms of the business combination agreement dated as of March 4, 2021 by and among SOAC, 1291924 B.C. Unlimited Liability Company, an unlimited liability company existing under the laws of British Columbia, Canada, and DeepGreen Metals Inc., a company existing under the laws of British Columbia, Canada (“DeepGreen”). In connection with the Business Combination, SOAC changed its name to “TMC the metals company Inc”. The combined company’s common shares and warrants to purchase common shares commenced trading on the Nasdaq Global Select Market (“Nasdaq”) on September 10, 2021, under the symbols “TMC” and “TMCWW,” respectively.

As used in this Quarterly Report on Form 10-Q, “Mtpa” refers to millions of tonnes per year.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that relate to future events, our future operations or financial performance, or our plans, strategies and prospects. These statements are based on the beliefs and assumptions of our management team. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or performance, are forward-looking statements. These statements may be preceded by, followed by or include the words “believes,” “estimates,” “expects,” “projects,” “forecasts,” “may,” “will,” “should,” “seeks,” “plans,” “scheduled,” “anticipates” or “intends” or the negative of these terms, or other comparable terminology intended to identify statements about the future, although not all forward-looking statements contain these identifying words. The forward-looking statements are based on projections prepared by, and are the responsibility of, our management. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the commercial and technical feasibility of seafloor polymetallic nodule collection and processing;
- our and our partners’ development and operational plans, including with respect to the planned uses of polymetallic nodules, where and how nodules will be obtained and processed, the expected environmental, social and governance impacts thereof and our plans to assess these impacts and the timing and scope of these plans, including the timing and expectations with respect to our receipt of exploitation contracts and our commercialization plans;
- the supply and demand for battery metals and battery cathode feedstocks, copper cathode and manganese ores;
- the future prices of battery metals and battery cathode feedstocks, copper cathode and manganese ores;
- the timing and content of International Seabed Authority’s (“ISA”) final exploitation regulations that will create the legal and technical framework for exploitation of polymetallic nodules in the Clarion Clipperton Zone of the Pacific Ocean (“CCZ”);
- government regulation of mineral extraction from the deep seafloor and changes in mining laws and regulations;
- technical, operational, environmental, social and governance risks of developing and deploying equipment to collect and ship polymetallic nodules at sea, and to process such nodules on land;
- the sources and timing of potential revenue as well as the timing and amount of estimated future production, costs of production, other expenses, capital expenditures and requirements for additional capital;
- cash flow provided by operating activities;
- the expected activities of our partners under our key strategic relationships;
- the sufficiency of our cash on hand to meet our working capital and capital expenditure requirements, the need for additional financing and our ability to continue as a going concern;
- our ability to raise financing in the future, the nature of any such financing and our plans with respect thereto;
- any litigation to which we are a party;
- claims and limitations on insurance coverage;
- our plans to mitigate our material weaknesses in our internal control over financial reporting;
- the restatement of our financial statements;
- geological, metallurgical and geotechnical studies and opinions;
- mineral resource estimates;

- our status as an emerging growth company, non-reporting Canadian issuer and passive foreign investment company;
- infrastructure risks;
- dependence on key management personnel and executive officers;
- political and market conditions beyond our control;
- the impact of pandemics (including from COVID-19) on our business; and
- our financial performance.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results, performance or achievements to differ materially from those indicated or implied by forward-looking statements such as those described under the caption “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission (“SEC”), on March 27, 2023 (the “2022 Annual Report on Form 10-K”), as updated and/or supplemented in subsequent filings we make with the SEC. Such risks are not exhaustive. New risk factors emerge from time to time, and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements, which speak only as of the date hereof. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TMC the metals company Inc.
Condensed Consolidated Balance Sheets
(in thousands of US Dollars, except share amounts)
(Unaudited)

ASSETS	Note	As at March 31, 2023	As at December 31, 2022
Current			
Cash		$ 28,390	$ 46,842
Receivables and prepayments		3,230	2,760
		31,620	49,602
Non-current			
Exploration contracts		42,900	43,150
Equipment		1,997	2,025
Investment	6	8,781	—
		53,678	45,175
TOTAL ASSETS		**$ 85,298**	**$ 94,777**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		17,544	41,614
		17,544	41,614
Non-current			
Deferred tax liability		10,675	10,675
Warrants liability	8	1,528	983
TOTAL LIABILITIES		**$ 29,747**	**$ 53,272**
EQUITY			
Common shares (unlimited shares, no par value – issued: 280,618,285 (December 31, 2022 – 266,812,131))		345,090	332,882
Special Shares		—	—
Additional paid in capital		186,796	184,960
Accumulated other comprehensive loss		(1,216)	(1,216)
Deficit		(475,119)	(475,121)
TOTAL EQUITY		55,551	**41,505**
TOTAL LIABILITIES AND EQUITY		**$ 85,298**	**$ 94,777**

Nature of Operations *(Note 1)*
Contingent Liabilities *(Note 13)*

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TMC the metals company Inc.
Condensed Consolidated Statements of Income/Loss and Comprehensive Income/Loss
(in thousands of US Dollars, except share and per share amounts)
(Unaudited)

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022[1]
Operating expenses			
Exploration and evaluation expenses	7	$ 7,169	$ 7,441
General and administrative expenses		6,214	8,466
Operating loss		**13,383**	**15,907**
Other items			
Equity-accounted investment loss	6	219	—
Gain on disposition of asset	6	(13,750)	—
Interest expense /(income)		(454)	—
Change in fair value of private warrants liability	8	544	5,188
Foreign exchange loss		29	22
Fees and interest on credit facility	12	27	—
Net Loss (Income) and Comprehensive Loss (Income) for the period		**$ (2)**	**$ 21,117**
Net Loss (Income) per share - basic and diluted	10	**$ —**	**$ 0.09**
Weighted average number of common shares outstanding — basic		**272,029,603**	**226,075,389**
Weighted average number of common shares outstanding — diluted		**300,376,133**	**226,075,389**

[1] The comparative figures in exploration and evaluation expenses and general and administrative expenses have been adjusted to conform to the current period’s presentation.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TMC the metals company Inc.
Condensed Consolidated Statements of Changes in Equity
(in thousands of US Dollars, except share amounts)
(Unaudited)

Three months ended March 31, 2023	Common Shares		Preferred	Special	Additional Paid in	Accumulated Other Comprehensive		
	Shares	Amount	Shares	Shares	Capital	Loss	Deficit	Total
December 31, 2022	**266,812,131**	**$ 332,882**	**$ —**	**$ —**	**$ 184,960**	**$ (1,216)**	**$ (475,121)**	**$ 41,505**
Conversion of restricted share units (Note 9)	2,956,154	2,814	—	—	(2,814)	—	—	—
Shares issued to Allseas (Note 6)	10,850,000	9,394	—	—	—	—	—	9,394
Expenses to be settled with share-based payments	—	—	—	—	15	—	—	15
Expenses settled with share-based payments	—	—	—	—	2,860	—	—	2,860
Share-based compensation (Note 9)	—	—	—	—	1,775	—	—	1,775
Net Income for the period	—	—	—	—	—	—	2	2
March 31, 2023	**280,618,285**	**$ 345,090**	**$ —**	**$ —**	**$ 186,796**	**$ (1,216)**	**$ (475,119)**	**$ 55,551**

Three months ended September 30, 2021	Common Shares		Preferred	Special	Additional Paid in	Accumulated Other Comprehensive		
	Shares	Amount	Shares	Shares	Capital	Loss	Deficit	Total
December 31, 2021	**225,432,493**	**$ 296,051**	**$ —**	**$ —**	**$ 102,073**	**$ (1,216)**	**$ (304,157)**	**$ 92,751**
Conversion of restricted share units (Note 9)	1,348,350	2,212	—	—	(2,290)	—	—	(78)
Share-based compensation (Note 9)	—	—	—	—	8,124	—	—	8,124
Expenses to be settled with share-based payments	—	—	—	—	45	—	—	45
Net Loss for the period	—	—	—	—	—	—	(21,117)	(21,117)
March 31, 2022	**226,780,843**	**$ 298,263**	**$ —**	**$ —**	**$ 107,952**	**$ (1,216)**	**$ (325,274)**	**$ 79,725**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TMC the metals company Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands of US Dollars)
(Unaudited)

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash resources provided by (used in)			
Operating activities			
Net Income (Loss) for the period		$ 2	$ (21,117)
Items not affecting cash:			
Equity-accounted investment loss	6	219	—
Gain on disposition of asset	6	(13,750)	—
Amortization		88	95
Expenses settled with share-based payments	9	1,775	6,393
Expenses to be settled with share-based payments		15	45
Change in fair value of warrants liability	8	545	5,188
Unrealized foreign exchange		(20)	(8)
Changes in working capital:			
Receivables and prepayments		(469)	619
Accounts payable and accrued liabilities		(11,877)	(6,744)
Net cash used in operating activities		**(23,472)**	**(15,529)**
Investing activities			
Acquisition of equipment		—	(210)
Cash received from investment in Low Carbon Royalties	6	5,000	—
Net cash provided by (used in) investing activities		**5,000**	**(210)**
Financing activities			
Taxes withheld and paid on share-based compensation		—	(78)
Net cash used in financing activities		**—**	**(78)**
Decrease in cash		**(18,472)**	**(15,817)**
Impact of exchange rate changes on cash		**20**	**(8)**
Cash - beginning of period		**46,842**	**84,873**
Cash - end of period		**$ 28,390**	**$ 69,048**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

1. Nature of Operations

TMC the metals company Inc. (“TMC” or the “Company”) was incorporated as a Cayman Islands exempted company limited by shares on December 18, 2019 and continued as a corporation under the laws of the province of British Columbia, Canada on September 9, 2021. On September 9, 2021, the Company completed its business combination (the “Business Combination”) with DeepGreen Metals Inc. (“DeepGreen”). The Company’s corporate office, registered address and records office is located at 10^{th} floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. The Company’s common shares and warrants to purchase common shares are listed for trading on the Nasdaq Global Select Market (“Nasdaq”) under tickers “TMC” and “TMCWW”, respectively.

The Company is a deep-sea minerals exploration company focused on the collection and processing of polymetallic nodules found on the seafloor in international waters of the Clarion Clipperton Zone in the Pacific Ocean (“CCZ”), located approximately 1,300 nautical miles southwest of San Diego, California. These nodules contain high grades of four metals (nickel, copper, cobalt, manganese) which can be used as (i) feedstock for battery cathode precursors (nickel and cobalt sulfates, or intermediate nickel-copper-cobalt matte) for electric vehicles (“EV”) and renewable energy storage markets, (ii) copper cathode for EV wiring, clean energy transmission and other applications and (iii) manganese silicate for manganese alloy production required for steel production.

Exploration and exploitation of seabed minerals in international waters is regulated by the International Seabed Authority (“ISA”), an intergovernmental organization established pursuant to the 1994 Agreement Relating to the Implementation of the United Nations Convention on the Law of the Sea. The ISA grants contracts to sovereign states or to private contractors who are sponsored by a sovereign state. The Company’s wholly owned subsidiary, Nauru Ocean Resources Inc. (“NORI”), was granted an exploration contract (the “NORI Exploration Contract”) by the ISA in July 2011 under the sponsorship of the Republic of Nauru (“Nauru”) giving NORI exclusive rights to explore for polymetallic nodules in an area covering 74,830 km^2 in the CCZ (“NORI Area”). On March 31, 2020, the Company acquired Tonga Offshore Mining Limited (“TOML”), which was granted an exploration contract (the “TOML Exploration Contract”) by the ISA in January 2012 under the sponsorship of the Kingdom of Tonga (“Tonga”) and has exclusive rights to explore for polymetallic nodules covering an area of 74,713 km^2 in the CCZ (“TOML Area”). Marawa Research and Exploration Limited (“Marawa”), an entity owned and sponsored by the Republic of Kiribati (“Kiribati”), was granted rights by the ISA to polymetallic nodules exploration in an area of 74,990 km^2 in the CCZ (“Marawa Area”). In 2013, the Company through its subsidiary DeepGreen Engineering Pte. Ltd. (“DGE”) entered into an option agreement (the “Marawa Option Agreement”) with Marawa which granted DGE exclusive rights to manage and carry out all exploration and exploitation in the Marawa Area in return for a royalty payable to Marawa. The Company is working with its strategic partner and investor, Allseas Group S.A. (“Allseas”), to develop a system to collect, lift and transport nodules from the seafloor to shore and to subsequently convert that system into an early commercial production system (Note 6).

The realization of the Company’s assets and attainment of profitable operations is dependent upon many factors including, among other things: financing being arranged by the Company to continue operations, development of a nodule collection system for the recovery of polymetallic nodules from the seafloor as well as development of processing technology for the treatment of polymetallic nodules, the establishment of mineable reserves, the commercial and technical feasibility of seafloor polymetallic nodule collection and processing, metal prices, and regulatory approvals and environmental permitting for commercial operations. The outcome of these matters cannot presently be determined because they are contingent on future events and may not be fully under the Company’s control.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

2. Basis of Presentation

These unaudited condensed consolidated interim financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial statements. Accordingly, certain information and footnote disclosures required by U.S. GAAP have been condensed or omitted in these unaudited condensed consolidated interim financial statements pursuant to such rules and regulation. In management's opinion, these unaudited condensed consolidated interim financial statements include all adjustments of a normal recurring nature necessary for the fair presentation of the Company's statement of financial position, operating results for the periods presented, comprehensive loss, shareholder's equity and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 2023 or for any other period. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2022. The Company has applied the same accounting policies as in the prior year, except as disclosed below.

Certain comparative figures in Note 8 have been reclassified to conform to the current period's presentation.

3. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the notes thereto. Significant estimates and assumptions reflected in these condensed consolidated interim financial statements include, but are not limited to, the evaluation of going concern, the valuation of share-based payments, including valuation of incentive stock options (Note 9), as well as the valuation of warrants liability (Note 8) and valuation of acquisition date investment in Low Carbon Royalties Inc. ("Low Carbon Royalties") (Note 6). Actual results could differ materially from those estimates.

4. Fair Value of Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The Company measures fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. In accordance with U.S. GAAP, the Company utilizes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- ***Level 1*** - Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

- ***Level 2*** - Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

- ***Level 3*** - Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

There were no transfers between fair value measurement levels during the three-month periods ended March 31, 2023, and 2022.

As at March 31, 2023, and 2022, the carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The financial instruments also include public and private warrants issued by the Company. The warrants are valued at fair value, which is disclosed in Note 8.

5. Significant Accounting Policies Adopted During the Period

Investments

The Company consolidates investments over which it has control in accordance with Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810"). Where the Company does not have control over the investment, but has significant influence, the Company records the investment in accordance with ASC 323, *Investments-Equity Method and Joint Ventures* ("ASC 323") whereby, after recording the initial investment, the Company recognizes its proportional share of results of operations of the affiliate in its consolidated financial statements. The value of the equity method investments are impaired if it is determined that there is an other-than-temporary decline in value. Investments over which the Company does not have control nor significant influence are recorded at cost.

6. Strategic Partnerships

Strategic Alliance with Allseas Pilot Mining Test Project

On February 13, 2023, the Company entered into a Fifth Amendment to the Pilot Mining Test Agreement (the "PMTA") and Third Amendment to SAA ("Fifth Amendment"), which was effective as of February 8, 2023, with DGE, DeepGreen Metals Inc. and Allseas. The Fifth Amendment relates to the Company's settlement of the third and final payment of $10 million due to Allseas upon successful completion of the pilot trial of the pilot mining test system (the "PMTS") in NORI Area D and certain other costs due to Allseas under the PMTA through the issuance of 10,850,000 common shares to Allseas, priced at $1.00 per share. On February 23, 2023, the Company settled the third milestone payment of $10 million and additional PMTS overage charges amounting to $0.9 million by issuing 10.9 million of its common shares to Allseas.

As at March 31, 2023, Allseas owned 33.5 million TMC common shares (2022: 23.7 million TMC common shares) which constituted 12% (2022: 8.9%) of total common shares outstanding. The above-mentioned shareholding excludes 11,578,620 common shares issuable upon the exercise of the Allseas warrant (Note 8).

Investment in Low Carbon Royalties

On February 21, 2023 (the "Closing Date"), the Company and its wholly-owned subsidiary, NORI, entered into an investment agreement (the "Agreement") with Low Carbon Royalties, a private corporation formed under the laws of British Columbia, Canada, to finance low carbon emitting energy production and technologies (natural gas, nuclear, renewables), transition metals and minerals required for energy storage and electrification (Cu, Li, Ni, Co, Mn), and the evolving environmental markets. In connection with the Agreement, NORI contributed a 2% gross overriding royalty (the "NORI Royalty") on the Company's NORI project area in the Clarion Clipperton Zone of the Pacific Ocean in which NORI currently holds exclusive exploration rights for polymetallic nodules from the ISA to Low Carbon Royalties. The Company retained the right to repurchase up to 75% of the NORI Royalty at an agreed capped return, exercisable in two transactions, between the second and the tenth anniversaries of the Partnership. If both repurchase transactions are executed, the NORI Royalty will be reduced to 0.5%. At Closing Date, Low Carbon Royalties also owned a 1.6%

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

gross overriding royalty on a producing natural gas field in Latin America. In consideration of the NORI Royalty, TMC received 35.0% of the common shares issued by Low Carbon Royalties and $5 million in cash, as of the Closing Date. In connection with the Agreement the Company entered into an Investor Rights Agreement with a shareholder of Low Carbon Royalties and Low Carbon Royalties, pursuant to which the Company and this shareholder each has a right, subject to certain percentage maintenance, to nominate a director to Low Carbon Royalties' board of directors, along with registration and information rights.

The Company has accounted for the investment in Low Carbon Royalties in accordance with ASC 323-10 and has thus applied the equity method of accounting to this investment. When considering the royalty liability instrument as well as the embedded repurchase features, management has elected to account for the royalty liability under the fair value option in accordance with ASC 825-10.

On March 21, 2023, Low Carbon Royalties acquired additional gross overriding royalties on natural gas fields in Latin America, increasing its total gross overriding royalty on the existing first license block from 1.56% to 3.13% and acquiring a gross overriding royalty of 1.44% on a new second license block. The royalty acquisitions were financed through the issuance of Low Carbon Royalties common shares to the third-party vendor of such royalties, thereby reducing the Company's ownership in the Partnership to 32% as of March 31, 2023 from 35% as of the Closing Date.

Based on the fair value of the NORI Royalty and the cash received on the Transaction Date, the Company recorded $9 million as investment in Low Carbon Royalties. From the Transaction Date to March 31, 2023, the Company's share of the net loss generated by the Low Carbon Royalties was $0.2 million.

	Investment
Fair value of NORI Royalty	$ 14,000
Cash received	$ (5,000)
Cost of Investment on Transaction Date	$ 9,000
Equity-accounted investment loss for the period	(219)
Investment as at March 31, 2023	**$ 8,781**

The net consideration received of $14 million exceeded NORI exploration contract's carrying value of $0.3 million, resulting in a gain on disposition of asset of $13.75 million recorded in the Company's Statements of Loss (Income) and Comprehensive Loss (Income). NORI is in the exploration phase of the project and under the Company's policy, exploration spending is expensed.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

7. Exploration and Evaluation Expenses

The detail of exploration and evaluation expenses is as follows:

For three months ended March 31, 2023	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	$ 2,618	$ —	$ —	$ 2,618
Exploration Labor	1,078	45	133	1,256
Share-Based Compensation *(Note 9)*	828	26	83	937
Mining, Technological and Process Development	1,018	—	105	1,123
Prefeasibility Studies	384	—	—	384
Sponsorship, Training and Stakeholder Engagement	414	76	237	727
Other	92	—	32	124
	$ 6,432	**$ 147**	**$ 590**	**$ 7,169**

For three months ended March 31, 2022	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	$ 1,306	$ —	$ —	$ 1,306
Exploration Labor	794	198	181	1,173
Share-Based Compensation *(Note 9)*	1,993	451	455	2,899
Mining, Technological and Process Development	289	8	18	315
PMTS	1,110	132	132	1,374
Sponsorship, Training and Stakeholder Engagement	144	36	42	222
Other	130	5	17	152
	$ 5,766	**$ 830**	**$ 845**	**$ 7,441**

8. Warrants

The Company issued 15,000,000 common share warrants as part of its predecessor's initial public offering in May 2020 ("Public Warrants") and 9,500,000 private placement common share warrants in a private placement simultaneously with the closing of its predecessor's initial public offering ("Private Warrants").

Public Warrants

As at March 31, 2023, 15,000,000 (March 31, 2022 - 15,000,000) Public Warrants were outstanding. Public Warrants may only be exercised for a whole number of shares.

As at March 31, 2023, the value of outstanding Public Warrants of $19.5 million was recorded in additional paid in capital.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

Private Warrants

As at March 31, 2023, 9,500,000 Private Warrants were outstanding (December 31, 2022 - 9,500,000).

The Company re-measures the fair value of the Private Warrants at the end of each reporting period. The Private Warrants were valued using a Black-Scholes model, which resulted in a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the Private Warrants was the expected volatility of the Company's common shares. The expected volatility was estimated using a binomial model based on consideration of the implied volatility from the Company's Public Warrants adjusted to account for the call feature of the Public Warrants at prices above $18.00 during 20 trading days within any 30-trading day period.

As at March 31, 2023, the fair value of outstanding Private Warrants of $1.5 million is recorded as warrants liability. The following table presents the changes in the fair value of warrants liability:

		Private Warrants
Warrants liability as at December 31, 2022	$	983
Increase in fair value of warrants liability		544
Warrants liability as at March 31, 2023	**$**	**1,527**

As at March 31, 2023, the fair value of the Private Warrants was estimated using the following assumptions:

		March 31, 2023		December 31, 2022
Exercise price	$	**11.50**	$	11.50
Share price	$	**0.83**	$	0.77
Volatility		**99.52 %**		88.05 %
Term (years)		**3.44**		3.69
Risk-free rate		**3.68 %**		4.04 %
Dividend yield		**0.0 %**		0.0 %

There were no exercises or redemptions of the Public Warrants or Private Warrants during the period ended March 31, 2023.

Allseas Warrant

Allseas holds a warrant (the "Allseas Warrant") to purchase 11.6 million common shares of the Company. The Allseas Warrant vested and became exercisable upon the successful completion of the PMTS in November 2022 and will expire on September 30, 2026.

There were no exercises of any warrants during the first quarter of 2023.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

9. Share-Based Compensation

The Company's 2021 Incentive Equity Plan (the "Plan") provides that the aggregate number of common shares reserved for future issuance under the Plan as of March 31, 2023,is 44,732,170 common shares, including 10,672,485 shares added to the Plan in January 2023 pursuant to the Plan's automatic annual increase provision, provided that 2,243,853 of the outstanding common shares shall only be available for awards made to non-employee directors of the Company. On the first day of each fiscal year beginning in 2022 to the tenth anniversary of the closing of the Business Combination, the number of common shares that may be issued pursuant to the Plan is automatically increased by an amount equal to the lesser of 4% of the number of outstanding common shares or an amount determined by the board of directors.

Stock options

As at March 31, 2023, there were 15,356,340 stock options outstanding under the Company's Short-Term Incentive Plan ("STIP") and 9,783,922 stock options outstanding under the Company's Long-Term Incentive Plan ("LTIP"). No stock options were issued or exercised during the three months ended March 31, 2023. During the three months ended March 31, 2023, the Company recognized $0.2 million (three months ended March 31, 2022 - $3.9 million) of share-based compensation expense for stock options in the statement of loss and comprehensive loss, of which $0.1 million (three months ended March 31, 2022 - $2 million) was recorded in exploration and evaluation expenses and $0.1 million (three months ended March 31, 2022 - $1.9 million) was recorded in general and administration expenses.

Restricted Share Units

The details of RSUs granted by the Company during the three months ended March 31, 2023 and 2022 are as follows:

Vesting Period	Three Months ended March 31, 2023	Three Months ended March 31, 2022
Vesting Immediately [1] [2]	**3,237,710**	1,457,404
Vesting in thirds on each anniversary of the grant date [3]	**8,683,486**	369,394
Vesting in fourths on each anniversary of the grant date	**343,750**	527,800
Total Units Granted	**12,264,946**	2,354,598

(1) Of the 3,237,710 units vesting immediately on grant date, 3,222,086 units were issued to settle liabilities with a carrying amount of $2.9 million, at a weighted average grant date fair value of $0.89 per RSU.

(2) During the three months ended March 31, 2023, units granted to consultants, which vest immediately, included 23,438 units (first quarter 2022: 384,832 units), resulting in $23 thousand (first quarter 2022: $0.6 million) charged to professional and consulting fees under general and administration expenses.

(3) During the three months ended March 31, 2023, the Company granted 8,645,465 units as payment for the 2022 LTIP awards and 38,021 units as a sign-on grant. The 2021 LTIP awards were granted in the fourth quarter of 2021 and totaled 3,500,000 units.

The grant date fair value of RSUs is equivalent to the closing share price of the Company's common shares on the date of grant. A total of $1.6 million (three months ended March 31, 2022 - $1.9 million) was charged to the statement of loss and comprehensive loss as share-based compensation expense for the three months ended March 31, 2023, of which $0.9 million (three months ended March 31, 2022- $0.9 million) was recorded in exploration and evaluation expenses and $0.7 million (three months ended March 31, 2022 - $1 million) was recorded in general and administrative expenses. As at March 31, 2023, total unrecognized share-based compensation expense for RSUs was $13.2 million (December 31, 2022 - $6.1 million).

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

As at March 31, 2023, an aggregate of 533,431 vested units were outstanding and due to be converted into common shares.

Employee Stock Purchase Plan

As of March 31, 2023, there were 7,922,445 common shares reserved for issuance under the Employee Stock Purchase Plan (the "ESPP"), including 2,668,121 shares added to the ESPP in January 2023 pursuant to the ESPP's automatic annual increase provision. An aggregate of 117,929 of the reserved common shares have been issued under the ESPP.. Under the ESPP, the number of shares reserved for issuance is subject to an annual increase provision which provides that on the first day of each of the Company's fiscal years starting in 2022, common shares equal to the lesser of (i) 1% percent of the common shares outstanding on the last day of the immediately preceding fiscal year, or (ii) such lesser number of shares as is determined by the board of directors will be added to the ESPP.

During the first quarter of 2023, a total of $19 thousand (first quarter 2022: $nil) was charged to the statement of loss and comprehensive loss as share-based compensation expense, representing the share price purchase discount offered by the Company. From the amount charged during the first quarter of 2023, $7 thousand was recorded in exploration and evaluation expenses (first quarter 2022: $nil) and $12 thousand was recorded in general and administrative expenses (first quarter 2022: $nil).

10. Net Loss (Income) per Share

Basic loss (income) per share is computed by dividing the loss (income) by the weighted-average number of common shares of the Company outstanding during the period. Diluted loss per share is computed by giving effect to all common share equivalents of the Company, including outstanding stock options, RSUs, warrants, Special Shares and options to purchase Special Shares, to the extent these are dilutive.

The diluted weighted-average number of common shares as at March 31, 2023 was 300,376,133 which for the most part included, over and above the basic weighted-average number of common shares of 272,029,603 units, the dilutive effect of share options (3,735,923 units), dilutive effect of RSUs (13,123,935) and the dilutive effect from the Allseas warrants (11,578,620). The diluted weighted-average number of common shares does not include stock options, public warrants and private warrants as these instruments were out-of-the-money and anti-dilutive. Additionally, stock options outstanding under the Company's Long-Term Incentive Plan were also excluded from the diluted weighted-average number of common shares, as the performance and market conditions were not met.

Anti-dilutive equivalent common shares were as follows:

	Three months ended March 31, 2023	**Three months ended March 31, 2022**
Outstanding options to purchase common shares	**3,386,742**	25,287,670
Outstanding RSUs	—	4,843,825
Outstanding shares under ESPP	—	—
Outstanding warrants	**24,500,000**	36,078,620
Outstanding Special Shares and options to purchase Special Shares	—	136,239,964
Total anti-dilutive common equivalent shares	**27,886,742**	**202,450,079**

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
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11. Related Party Transactions

The Company's subsidiary, DGE, is engaged in a consulting agreement with SSCS Pte. Ltd. ("SSCS") to manage offshore engineering studies. A director of DGE is employed through SSCS. Consulting services during the three months ended March 31, 2023, totaled $69 thousand (three months ended March 31, 2022 - $69 thousand), with $55 thousand disclosed as exploration labor within exploration and evaluation expenses (Note 7) and $14 thousand as general and administration expenses ($55 thousand and $14 thousand, respectively, in the comparative period of the prior year). As at March 31, 2023, the amount payable to SSCS was $23 thousand (December 31, 2022 - $23 thousand).

The Company's Chief Ocean Scientist provides consulting services to the Company through Ocean Renaissance LLC ("Ocean Renaissance") where he is a principal. Consulting services during the three months ended March 31, 2023, totaled $94 thousand (three months ended March 31, 2022 - $94 thousand), with $42 thousand disclosed as exploration labor within exploration and evaluation expenses (Note 7) and $52 thousand as general and administration expenses ($47 thousand and $47 thousand, respectively, in the comparative period of the prior year). As at March 31, 2023, the amount payable to Ocean Renaissance was $nil thousand (December 31, 2022 - $nil).

During the three months ended March 31, 2023, Allseas provided the Company with engineering and project management services totaling $1 million, recorded as mining, technological and process development within exploration and evaluation expenses (Note 7). For the three months ended March 31, 2022, Allseas managed and delivered the PMTS project, with services totaling $1.3 million, recorded as PMTS within exploration and evaluation expenses (Note 7). As at March 31, 2023, the amount payable to Allseas was $1.8 million (March 31, 2022 - $5.5 million).

12. Credit Facility with Argentum Credit Virtuti GCV, Parent of Allseas Investments S.A.

On March 22, 2023, the Company entered into an Unsecured Credit Facility Agreement ("Credit Facility") with Argentum Credit Virtuti GCV (the "Lender"), the parent of Allseas Investments S.A. and an affiliate of Allseas, pursuant to which, the Company may borrow from the Lender up to $25 million in the aggregate, from time to time, subject to certain conditions. All amounts drawn under the Credit Facility will bear interest based on the 6-month Secured Overnight Financing Rate,180-day average plus a margin of 4.0% per annum payable in cash semi-annually (or plus 5% if paid-in-kind at maturity, at the Company's election) on the first business day of each of June and January. The Company will pay an underutilization fee equal to 4.0% per annum payable semi-annually for any amounts that remain undrawn under the Credit Facility. The Company has the right to pre-pay the entire amount outstanding under the Credit Facility at any time before the Credit Facility's maturity of May 21, 2024. The Credit Facility also contains customary events of default.

During the first quarter of 2023, the Company had not drawn any amount from the Credit Facility and has incurred $27 thousand as underutilization fees, which would be payable only in the event the Credit Facility is not drawn down upon at the time such fees are payable.

TMC the metals company Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands of US Dollars, except share and per share amounts and unless otherwise stated)
(Unaudited)

13. Contingent Liabilities

On January 23, 2023, an investor in the 2021 private placement from the Business Combination filed a lawsuit against us in New York Supreme Court, New York County, captioned *Atalaya Special Purpose Investment Fund II LP et al. v. Sustainable Opportunities Acquisition Corp. n/k/a TMC The Metals Company Inc.*, Index No. 650449/2023 (N.Y. Sup. Ct.). The complaint alleges that we breached the representations and warranties in the plaintiff's private placement Subscription Agreement and breached the covenant of good faith and fair dealing. The Plaintiffs are seeking to recover compensable damages caused by the alleged wrongdoings. The Company denies any allegations of wrongdoing and filed a motion to dismiss on March 31, 2023. There is no assurance, however, that we will be successful in our defense of this lawsuit or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of this action. If the motion to dismiss is unsuccessful, there is a possibility that we may incur a loss in this matter. Such losses or the range of possible losses cannot be reliably estimated.

14. Segmented Information

The Company's business consists of only one operating segment, namely exploration of seafloor polymetallic nodules, which includes the development of a metallurgical process to treat such seafloor polymetallic nodules.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provide information which management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. The discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto contained in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto for the year ended December 31, 2022 contained in our 2022 Annual Report on Form 10-K. This discussion contains forward looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "Risk Factors" in Item 1A of Part I of the 2022 Annual Report on Form 10-K, as updated and/or supplemented in subsequent filings with the SEC. Actual results may differ materially from those contained in any forward-looking statements. Unless the context otherwise requires, references to "we", "us", "our", "TMC" and "the Company" are intended to mean the business and operations of TMC the metals company Inc. and its consolidated subsidiaries. The unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022, respectively, present the financial position and results of operations of TMC the metals company Inc. and its consolidated subsidiaries.

Overview

We are a deep-sea minerals exploration company focused on the collection, processing and refining of polymetallic nodules found on the seafloor in international waters of the Clarion Clipperton Zone ("CCZ"), about 1,300 nautical miles (1,500 miles or 2,400 kilometers) south-west of San Diego, California. The CCZ is a geological submarine fracture zone of abyssal plains and other formations in the Eastern Pacific Ocean, with a length of around 7,240 km (4,500 miles) that spans approximately 4,500,000 square kilometers (1,700,000 square miles). Polymetallic nodules are discrete rocks that sit unattached to the seafloor, occur in significant quantities in the CCZ and have high concentrations of nickel, manganese, cobalt and copper in a single rock.

These four metals contained in the polymetallic nodules are critical for the transition to low carbon energy. Our resource definition work to date shows that nodules in our contract areas represent the world's largest estimated undeveloped source of critical battery metals. If we are able to collect polymetallic nodules from the seafloor on a commercial scale, we plan to use such nodules to produce three types of metal products: (i) feedstock for battery cathode precursors (nickel and cobalt sulfates, or intermediary nickel-copper matte) for electric vehicles ("EV") and renewable energy storage markets, (ii) copper cathode for EV wiring, clean energy transmission and other applications, and (iii) manganese silicate for manganese alloy production required for steel production. Our mission is to build a carefully managed, shared stock of metal (a "metal commons") that can be used, recovered and reused for generations to come. Significant quantities of newly mined metal are required because existing metal stocks are insufficient to meet rapidly rising demand.

Exploration and exploitation of seabed minerals in international waters is regulated by the International Seabed Authority, an intergovernmental organization established pursuant to the 1994 Agreement Relating to the Implementation of the United Nations Convention on the Law of the Sea ("UNCLOS"). The ISA grants contracts to sovereign states or to private contractors who are sponsored by a sovereign state. The ISA requires that a contractor obtain and maintain sponsorship by a host nation that is a member of the ISA and signatory to UNCLOS, and that such nation maintains effective supervision and regulatory control over such sponsored contractor. The ISA has issued a total of 19 polymetallic nodule exploration contracts covering approximately 1.28 million km2, or 0.4% of the global seafloor, 17 of which are in the CCZ. We hold exclusive exploration and commercial rights to three of the 17 polymetallic nodule contract areas in the CCZ through our subsidiaries Nauru Ocean Resources Inc. ("NORI") and Tonga Offshore Mining Limited ("TOML"), sponsored by the Republic of Nauru ("Nauru") and the Kingdom of Tonga ("Tonga"), respectively, and exclusive commercial rights through our subsidiary, DeepGreen Engineering Pte. Ltd.'s ("DGE"), arrangement with Marawa Research and Exploration Limited ("Marawa"), a company owned and sponsored by the Republic of Kiribati ("Kiribati").

We are still in the exploration phase and have not yet obtained any exploitation contracts from the ISA to commence commercial scale polymetallic nodule collection in the CCZ nor do we have the applicable environmental and other permits required to build and operate commercial-scale polymetallic nodule processing and refining plants on land.

We have key strategic alliances with (i) Allseas Group S.A. ("Allseas"), a leading global offshore contractor, which has developed and successfully tested the pilot nodule collection system in the NORI Area D, completed in the fourth quarter of 2022, with experience from this testing program informing the design of upgrades and modifications of the pilot system for conversion into the initial smaller scale commercial production system which is expected to serve as the basis for the design of a full-scale commercial production system, and (ii) Glencore International AG ("Glencore") which holds offtake rights to 50% of nickel and copper production from the NORI area. In addition, we have worked with engineering firm Hatch Ltd. and consultants Kingston Process Metallurgy Inc. to develop a near-zero solid waste flowsheet. The primary processing stages of the flowsheet from nodule to NiCuCo matte intermediate were tested as part of our pilot plant program at FLSmidth & Co A/S's and Xpert Process Solutions' ("XPS", a Glencore company) facilities. The matte refining stages are being tested at SGS Lakefield. The near-zero solid waste flowsheet is expected to serve as the basis for our onshore processing facilities. In November 2022, we entered into a non-binding memorandum of understanding ("MoU") with Pacific Metals Co Ltd (PAMCO) of Japan, to evaluate the toll treatment of an initial quantity of 1.3 million tonnes of wet polymetallic nodules per year at PAMCO's Hachinohe smelting facility starting in 2025. Subject to entering into a binding arrangement with PAMCO, the toll treatment is intended to take place on a dedicated rotary kiln-electric arc furnace ("RKEF") processing line and produce two products: nickel-copper-cobalt alloy — an intermediate product used as feedstock to produce Li-ion battery cathodes — and a manganese silicate product used to make silico-manganese alloy, a critical input into steel manufacturing. PAMCO's Hachinohe facility is located on the coast in northern Japan and is equipped with suitable port and processing infrastructure required to receive and process polymetallic nodules and to ship products to customers.

We are currently focused on applying for our first exploitation contract from the ISA on the NORI Area D contract area and, subject to regulatory review by the ISA, intend to start commercial production by the end of 2024 / start of 2025. To reach our objective and initiate commercial production, we are: (i) defining our resource and project economics, (ii) developing a commercial offshore nodule collection system, (iii) assessing the ESG impacts of offshore nodule collection, and (iv) developing onshore technology to process collected polymetallic nodules into a manganese silicate product, and an intermediate nickel-copper-cobalt matte product and/or end-products like nickel and cobalt sulfates, and copper cathode.

Developments in the First Quarter 2023

Below are some of the major developments that occurred in the first quarter of 2023:

Benchmark LCA of NORI Area D Project:

In March 2023, we announced that leading lithium-ion battery supply chain research firm, Benchmark Mineral Intelligence ("Benchmark"), had completed an independent third-party lifecycle assessment ("LCA") of the environmental impacts of our NORI Area D project, comparing the production of key energy transition metals (nickel, cobalt and copper) from the NORI Area D project to key land-based production routes for the same metals. Benchmark's LCA shows the NORI Area D project model performed better in almost every impact category analysed than all the land-based routes chosen by Benchmark for comparison.

Consortium for ESG disclosure of marine minerals:

In February 2023, we announced that we had joined a broad international consortium to develop a handbook for ESG disclosure in relation to marine minerals. The purpose of the guidance handbook is to enable evidence-based assessments of the ESG performance of marine mineral projects in the context of global standards. Marine minerals are emerging as a strong potential source to help meet growing metals demand. As with any extractive industries, we believe consideration of ESG issues is key to ensuring transparent and responsible supply chains. The ESG handbook will provide guidance to address material topics related to marine mineral projects in the deep-sea environment using a standardized approach.

Extensive Deep-sea Environmental Data Submission to the ISA

In March 2023, we announced that our wholly-owned subsidiary NORI had begun the process of submitting data collected during 17 offshore resource definition and environmental baseline campaigns in NORI Area D to the DeepData platform, an open database of contractor data managed by the ISA. Collected using a suite of high-tech equipment, the dataset submitted to the ISA includes over 1,400 biological samples from extensive boxcore and multicore sampling, and over 8,000 images analysed for benthic megafauna captured by remotely operated vehicles from two offshore campaigns. This first submission of benthic data, which includes over 270,000 occurrences, will provide a significant expansion to the biological holdings contained within the DeepData platform.

Credit Facility with Argentum Credit Virtuti GCV, Parent of Allseas Investments S.A.:

In March 2023, we entered into an Unsecured Credit Facility Agreement ("Credit Facility") with Argentum Credit Virtuti GCV (the "Lender"), the parent of Allseas Investments S.A. and an affiliate of Allseas, pursuant to which, we may borrow from the Lender up to $25,000,000 in the aggregate, from time to time, subject to certain conditions. All amounts drawn under the Credit Facility will bear interest at the 6-month Secured Overnight Funding Rate (SOFR), 180-day average plus 4.0% per annum payable in cash semi-annually (or plus 5% if paid-in-kind at maturity, at our election) on the first business day of each of June and January. We will pay an underutilization fee equal to 4.0% per annum payable semi-annually for any amounts that remain undrawn under the Credit Facility. We have the right to pre-pay the entire amount outstanding under the Credit Facility at any time before the Credit Facility's maturity of May 21, 2024. The Credit Facility also contains customary events of default.

New Partnerships

- **MoU with PAMCO to Evaluate Nodule Processing at Existing Facility:** In March 2023, we announced that we had entered into a non-binding MoU with PAMCO, to evaluate the toll treatment of an initial quantity of 1.3 million tonnes of wet polymetallic nodules per year at PAMCO's Hachinohe smelting facility starting in 2025.

- **Engagement with Bechtel Australia Pty Ltd:** In March 2023, we announced that we entered into an agreement with Bechtel Australia Pty Ltd ("Bechtel"), a global leader in engineering, procurement and construction, to collect and compile the technological and economic studies prepared by various consultants required for NORI to lodge its application for an exploitation contract for its NORI Area D project with the ISA. Bechtel will collect and compile technical and economic studies prepared by various consultants that will underpin NORI's application to the ISA for an exploitation contract.

- **Investment in Low Carbon Royalties:** In February 2023, we and our wholly-owned subsidiary, NORI, entered into a strategic partnership with Low Carbon Royalties Inc. ("Low Carbon Royalties"), a private corporation formed under the laws of British Columbia, Canada to finance low carbon emitting energy production and technologies (natural gas, nuclear, renewables), transition metals and minerals required for energy storage and electrification (Cu, Li, Ni, Co, Mn), and the evolving environmental markets (the "Partnership"). In connection with the Partnership, NORI contributed a 2% gross overriding royalty (the "NORI Royalty") on our NORI contract area to Low Carbon Royalties. We retained the right to repurchase up to 75% of the NORI Royalty at an agreed capped return, exercisable in two transactions, between the second and the tenth anniversary of the Partnership. If both repurchase transactions are executed, the NORI Royalty will be reduced to 0.5%. Low Carbon Royalties also owns a 1.6% gross overriding royalty on a producing natural gas field in Latin America. In consideration of the NORI Royalty, we received a 35.0% common ownership interest in Low Carbon Royalties on a fully-diluted basis as of closing and $5.0 million in cash. On March 21, 2023, Low Carbon Royalties completed a royalty acquisition whereby it increased its gross overriding royalty on the existing first license block (Maria Conchita) natural gas property from 1.56% to 3.13% and acquired a gross overriding royalty of 1.44% on a new second license block (SINU-9). The royalty acquisitions were financed through the issuance of LCR common shares, thereby reducing our ownership interest in the Partnership to 32% from 35%.

Industry Update

The ISA completed what we believe was a productive March 2023 session and continues to work inter-sessionally to finalize regulations regarding exploitation of deep-sea minerals. At the session, all member states of the ISA reiterated their commitment to the adoption of final rules, regulations and procedures (Mining Code). The main item on the agenda of the ISA Council remains the negotiation of the Draft Regulations on Exploitation of Mineral Resources in the Area. During the session, the ISA Council confirmed it has the obligation to consider a plan of work for exploitation after July 2023. We are aligned with the members of the ISA in that we do not want to submit an application for a work plan for exploitation and start commercial operations in the CCZ until final regulations are in place. We will continue to constructively support the negotiations however, NORI may exercise its legal rights under UNCLOS to lodge an application for a plan of work for exploitation before the final Mining Code is adopted and in place.

The next ISA Council session is scheduled for July 2023. We expect that discussions will continue at this session on the approval process for an application for a plan of work for exploitation, if one is submitted before final regulations are in place. NORI is committed to submitting an application for a plan of work for exploitation only after we complete a quality comprehensive, science-driven environmental and social impact assessment.

The Business Combination

On September 9, 2021, we completed the Business Combination with SOAC. The transaction resulted in the combined company being renamed “TMC the metals company Inc.” and the combined company’s common shares and warrants to purchase common shares commenced trading on Nasdaq on September 10, 2021, under the symbols “TMC” and “TMCWW,” respectively. As a result of the Business Combination, we received gross proceeds of approximately $137.6 million.

Exploration Contracts

We currently hold exclusive exploration rights to certain polymetallic nodule areas in the CCZ through our subsidiaries NORI and TOML, sponsored by the Republic of Nauru and Kingdom of Tonga, respectively, and exclusive commercial rights through our subsidiary’s (DGE) arrangement with Marawa, a company owned and sponsored by the Republic of Kiribati.

NORI Exploration Contract

NORI, our wholly-owned subsidiary, was granted a polymetallic nodule exploration contract in the CCZ by the ISA on July 22, 2011 under the sponsorship of Nauru. This Exploration Contract provides NORI with exclusive rights to explore for polymetallic nodules in an area covering 74,830 km^2 in the CCZ (“NORI Area”) for an initial term of 15 years (renewable for successive five-year periods) subject to complying with the exploration contract terms and provides NORI with the priority right to apply for an exploitation contract to collect polymetallic nodules in the same area.

TOML Exploration Contract

TOML, our wholly-owned subsidiary, was granted an exploration contract on January 11, 2012 by the ISA and sponsored by Tonga pursuant to the TOML Exploration Contract . TOML was acquired by us on March 31, 2020 for $32 million from Deep Sea Mining Finance Ltd. The TOML Exploration Contract provides TOML with exclusive rights to explore for polymetallic nodules in an area covering 74,713 km^2 in the CCZ (“TOML Area”) for an initial term of 15 years (renewable for successive five-year periods) subject to complying with the exploration contract terms and a priority right to apply for an exploitation contract to collect polymetallic nodules in the same area. On March 8, 2008, Tonga and TOML entered into a sponsorship agreement formalizing certain obligations of the parties in relation to TOML’s exploration application to the ISA (subsequently granted) for the TOML Contract Area. The sponsorship agreement was updated on September 23, 2021.

Marawa Agreements

Marawa, an entity owned and sponsored by Kiribati, was granted the Marawa Exploration Contract on May 30, 2012. DGE, our wholly-owned subsidiary, entered into agreements with Marawa and Kiribati which provide DGE with exclusive exploration and exploitation (if awarded) rights to an area covering 74,990 km2 in the CCZ (the “Marawa Contract Area”). The exploration contract between Marawa and the ISA was signed on January 19, 2015. To date, limited offshore marine resource definition activities in the Marawa Contract Area have occurred. We expect to collaborate with Marawa to assess the viability of any potential project in the Marawa Contract Area, although the timing of such assessment is uncertain. Marawa has delayed certain of its efforts in the Marawa Contract Area while it determines how it will move forward with additional assessment work.

Key Trends, Opportunities and Uncertainties

We are currently a pre-revenue company and we do not anticipate earning revenues until such time as NORI receives an exploitation contract from the ISA and we are able to successfully collect and process polymetallic nodules into saleable products on a commercial scale. We believe that our performance and future success pose risks and challenges, including those related to: finalization of ISA regulations to allow for commercial exploitation, approval of an application for the ISA exploitation contract, development of environmental regulations associated with our business and development of our technologies to collect and process polymetallic nodules. These risks, as well as other risks, are discussed in the section entitled “*Risk Factors*” in Item 1A of Part I of the 2022 Annual Report on Form 10-K, as further updated and/or supplemented in subsequent filings with the SEC.

Impact of Global Inflation

In 2022, the global inflation rate rose sharply. Marine fuel prices and vessel day rates were higher year-over-year and have increased our exploration expenses beyond what we had originally expected. Additionally, we are experiencing higher offshore labor costs through our contractors.

As a pre-revenue company, persistent inflation may affect our ultimate cash requirements prior to our ability to begin commercial production.

Impact of Climate Change

We are committed to adopting the Task Force on Climate-Related Financial Disclosures recommendations. In our inaugural Impact Report published in May 2022, we provided climate-related disclosure and shared how we believe our mission is aligned with supporting the global energy transition and contributing to a circular metals economy. We recognize that climate change may have a meaningful impact on our financial performance over time, and we have begun the process of consolidating key risks and corresponding action plans to mitigate the negative impact of climate change on our operations.

Our climate related transition risks and opportunities are likely to be driven by changes in regulation, public policy, and technology, as disclosed in our 2022 Annual Report on Form 10-K.

Basis of Presentation

We currently conduct our business through one operating segment. As a pre-revenue company with no commercial operations, our activities to date have been limited. Our historical results are reported under U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and in U.S. dollars. All share and per share amounts have been adjusted to reflect the impact of the Business Combination.

Components of Results of Operations

We are an exploration-stage company with no revenue to date and net income of approximately $nil for the three months ended March 31, 2023, compared to a net loss of $21.1 million in the same period of 2022. We have an accumulated deficit of approximately $475.1 million from inception through March 31, 2023.

Our historical results may not be indicative of our future results for reasons that may be difficult to anticipate. Accordingly, the drivers of our future financial results, as well as the components of such results, may not be comparable to our historical or projected results of operations.

Revenue

To date, we have not generated any revenue. We do not expect to generate revenue until at least 2025 and only if NORI receives an exploitation contract from the ISA and we are able to successfully collect and process polymetallic nodules into saleable products on a commercial scale. Any revenue from initial production is difficult to predict.

Exploration and Evaluation Expenses

We expense all costs relating to exploration and development of mineral claims. Such exploration and development costs include, but are not limited to, ISA contract management, geological, geochemical and geophysical studies, environmental baseline studies, process development and payments to Allseas for the Pilot Mining Test System ("PMTS"). Our exploration expenses are impacted by the amount of exploration work conducted during each period. The acquisition cost of ISA polymetallic nodule exploration contracts will be charged to operations as amortization expense on a unit-of-production method based on proven and probable reserves should commercial production commence in the future.

General and Administrative Expenses

General and administrative ("G&A") expenses consist primarily of compensation for employees, consultants and directors, including share-based compensation, consulting fees, investor relations expenses, expenses related to advertising and marketing functions, insurance costs, office and sundry expenses, professional fees (including legal, audit and tax fees), travel expenses and transfer and filing fees.

Share-based compensation costs from the issuance of stock options and restricted share units ("RSUs") is measured at the grant date based on the fair value of the award and is recognized over the related service period. Share-based compensation costs are charged to exploration expenses and general and administrative expenses depending on the function fulfilled by the holder of the award. In instances where an award is issued for financing related services, the costs are included within equity as part of the financing costs. We recognize forfeiture of any awards as they occur.

Interest Income/Expense

Interest income consists primarily of interest income earned on our cash and cash equivalents.

Interest expense consists primarily of interest expense on our outstanding indebtedness. The Company's credit facility with Allseas remains undrawn as at March 31, 2023.

Foreign Exchange Loss

The foreign exchange income or loss for the periods reported primarily relates to our cash held in Canadian dollars and to the settlement of costs incurred in foreign currencies, depending on either the strengthening or weakening of the U.S. dollar.

Change in Fair Value of Warrants Liability

The change in fair value of warrants liability primarily consists of the change in the fair value of the 9,500,000 warrants issued to Sustainable Opportunities Holdings LLC concurrently with SOAC's initial public offering (the "Private Warrants"). For accounting purposes, the Company was considered to have issued the Private Warrants as part of the Business Combination, and we are required to re-measure the fair value of our Private Warrants at the end of each reporting period.

Results of Operations

The following is a discussion of our results of operations for the three months ended March 31, 2023 and 2022. Our accounting policies are described in Note 3 "Significant Accounting Policies" in our financial statements filed as part of the 2022 Annual Report on Form 10-K.

Comparison of the Three Months Ended March 31, 2023 and 2022

(Dollar amounts in thousands, except as noted)	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022	% Change
Exploration and evaluation expenses	$ 7,169	$ 7,441	(4)%
General and administrative expenses	6,214	8,466	(27)%
Equity-accounted investment loss	219	—	N/A
Gain on disposition of asset	(13,750)	—	N/A
Change in fair value of warrants liability	544	5,188	(90)%
Foreign exchange loss	29	22	32 %
Interest (income) expense	(454)	—	N/A
Fees and interest on credit facility	27	—	N/A
Net Loss (Income) for the period	$ (2)	$ 21,117	(100)%

Three Months ended March 31, 2023 compared to Three Months ended March 31, 2022

We reported net income of approximately $nil in the first quarter of 2023, compared to a net loss of $21.1 million in the same period of 2022. The following explains the major reasons for the reduction in the net loss in the first quarter of 2023.

Exploration and Evaluation Expenses

Exploration and evaluation expenses for the three months ended March 31, 2023 were $7.2 million, compared to $7.4 million for the same period in 2022. The decrease of $0.2 million was primarily due to a reduction in share-based compensation of $2.0 million in the 2023 period, as the cost of the LTIP options with specific market capitalization vesting conditions was fully amortized in 2022 in addition to the decrease in the amortization cost of STIP sign-up options granted in 2021, a reduction of $1.3 million on the PMTS, as the collector test was completed in November 2022 and reduced exploration activities in 2023. This was offset by an increase in environmental studies of $1.3 million related to the monitoring work on the NORI Area D collector test which was carried out in the fourth quarter of 2022 and an increase in mining, technological and process development of $0.8 million due to engineering work which commenced in the fourth quarter of 2022.

General and Administrative Expenses

G&A expenses for the three months ended March 31, 2023 were $6.2 million compared to $8.5 million for the same period in 2022. The decrease of $2.3 million in G&A expenses was mainly the result of lower share-based compensation in the 2023 period as the cost of the LTIP options with specific market capitalization vesting conditions was fully amortized in 2022 in addition to the decrease in the amortization cost of STIP sign-up options granted in 2021 and a decrease in communication and investor relations costs incurred during the first quarter of 2023. This decrease was partially offset by higher G&A expenses in the first quarter of 2023, reflecting an increase in personnel, legal and other expenses.

Gain on disposition of asset

In the first quarter of 2023, we reported a gain of $13.75 million on the disposition of NORI's 2% royalty, reflecting the excess of the consideration received from Low Carbon Royalties of $14 million and NORI exploration contract's carrying value.

Change in Fair Value of Warrants Liability

The change in fair value of warrants liability during the first quarter of 2023 resulted in a charge of $0.5 million, reflecting a 49% increase in the price of our warrants in the first quarter of 2023. This compares to a charge of $5.2 million in the comparative quarter of 2022, reflecting an increase of 125% in the price of our warrants. The warrants liability was initially recorded as part of the Business Combination.

Liquidity and Capital Resources

Prior to closing of the Business Combination, our primary sources of capital have been private placements of DeepGreen common shares and DeepGreen preferred shares and the issuance of convertible debentures completed in February 2021, which were automatically converted into DeepGreen common shares immediately prior to the completion of the Business Combination, which were converted into common shares as part of the Business Combination. In addition, on September 9, 2021, we completed the Business Combination with SOAC, and as a result we received gross cash proceeds of approximately $137.6 million (approximately $104.5 million net of transaction fees). On August 12, 2022, we completed a private placement raising gross cash proceeds of $30.4 million (approximately $30 million net of transaction fees). As of March 31, 2023, we had cash on hand of $28.4 million.

We received lower than expected cash proceeds upon closing of the Business Combination resulting from higher-than-expected redemptions of SOAC's Class A ordinary shares and the default by certain private placement investors in their funding obligations in connection with the closing of the Business Combination. As a result, we revised our work plan to focus on activities necessary to have an application ready for submission to the ISA in the second half of 2023 for an exploitation contract for the NORI Area D and stopped and/or deferred work and expenses associated with other activities.

In light of the significant deficit in expected funding following the closing of the Business Combination in September 2021, we adopted what we call a “capital-light” strategy whereby we removed any allocation of funds to capital expenditures that were not deemed necessary to support the submission of an application for an exploitation contract for the NORI Area D, and by negotiating the settlement of program expenditures with our equity whenever possible.

We have yet to generate any revenue from our business operations. We are an exploration-stage company and the recovery of our investment in mineral exploration contracts and attainment of profitable operations is dependent upon many factors including, among other things, the development of a commercial production system for collecting polymetallic nodules from the seafloor as well as the development of our processing technology for the metallurgical treatment of such nodules, the establishment of mineable reserves, the demonstration of commercial and technical feasibility of seafloor polymetallic nodule collection and processing systems, metal prices, and securing ISA exploitation contracts. While we have obtained financing in the past, there is no assurance that such financing will continue to be available on favorable terms, in sufficient amounts, or at all.

We expect to incur significant expenses and operating losses for the foreseeable future, particularly as we advance towards our application to the ISA for an exploitation contract and preparation for potential commercialization. Based on our cash balance and availability of borrowing under our recently signed Credit Facility with an affiliate of Allseas, when compared with our forecasted cash expenditures, we believe we will have sufficient funds to meet our obligations that become due within the next twelve months. Our estimates used in reaching this conclusion are based on information available as at the date of filing this Quarterly Report on Form 10-Q. Accordingly, actual results could differ from these estimates and resulting variances may result in our need for additional funding in an amount greater or earlier than expected, due to changes in business conditions or other developments, including, but not limited to, deferral of approvals, capital and operating cost escalation, currently unrecognized technical and development challenges, our ability to pay certain vendors or suppliers in our common shares or changes in external business environment.

In addition, we will need and are seeking additional financing to fund our continued operations. These financings could include additional public or private equity, debt financings, equity-linked financings or other sources of financing, including through non-dilutive asset, royalty or project-based financings. If these financing or other financing sources are not available, or if the terms of financing are less desirable than we expect, or if in insufficient amounts, we may be forced to delay our exploration and/or exploitation activities or further scale back our operations, which could have a material adverse impact on our business and financial prospects.

On September 16, 2022, we filed a registration statement on Form S-3 with the SEC, which the SEC declared effective on October 14, 2022, to sell up to $100 million of securities, before any fees or expenses of the offering, which includes the $30 million that may be sold under the At-the-Market Equity Distribution Agreement discussed below. Securities that may be sold include common shares, preferred shares, debt securities, warrants and units. Any such offering, if it does occur, may happen in one or more transactions. Specific terms of any securities to be sold will be described in supplemental filings with the SEC.

On December 22, 2022, we entered into an At-the-Market Equity Distribution Agreement with Stifel, Nicolaus & Company, Incorporated and Wedbush Securities Inc., as sales agents, allowing us, from time to time, to issue and sell common shares with an aggregate offering price of up to $30 million. The offer and sales of the shares are made under our effective “shelf” registration statement on Form S-3 filed with the SEC on September 16, 2022, which the SEC declared effective on October 14, 2022. As of the date of this Quarterly Report on Form 10-Q, no sales of common shares have been made under this offering.

On March 22, 2023, we entered into the Credit Facility with Argentum Credit Virtuti GCV (the “Lender”), the parent of Allseas Investments S.A. and an affiliate of Allseas, pursuant to which, we may borrow from the Lender up to $25 million in the aggregate, from time to time, subject to certain conditions. All amounts drawn under the Credit Facility will bear interest at the 6-month Secured Overnight Funding Rate (“SOFR”), 180-day average plus 4.0% per annum payable in cash semi-annually (or plus 5% if paid-in-kind at maturity, our election) on the first business day of each of June and January. We will pay an underutilization fee equal to 4.0% per annum payable semi-annually for any amounts that remain undrawn under the Credit Facility. We have the right to pre-pay the entire amount outstanding under the Credit Facility at any time, before the Credit Facility’s maturity of May 21, 2024. The Credit Facility also contains customary events of default. As of the date of this Quarterly Report on Form 10-Q, no amounts have been drawn under this Credit Facility.

We may receive up to approximately $281.8 million in aggregate gross proceeds from cash exercises of the Public Warrants and the Private Warrants, based on the per share exercise price of such warrants. However, the exercise price for the outstanding Public Warrants and Private Warrants is $11.50 per common share and there can be no assurance that such warrants will be in the money prior to their expiration, and as such, such warrants may expire worthless. Based on the current trading price of our common shares we do not expect to receive any proceeds from the exercise of the Public Warrants and Private Warrants unless there is a significant increase in the price of our common shares. In certain circumstances, the Public Warrants and Private Warrants may be exercised on a cashless basis and the proceeds from the exercise of such warrants will decrease. Furthermore, even if the warrants will be in the money, the holders of the warrants are not obligated to exercise their warrants, and we cannot predict whether holders of the warrants will choose to exercise all or any of their warrants.

Cash Flows Summary

Presented below is a summary of our operating, investing and financing cash flows:

(thousands)	For the Three Months Ended March 31, 2023	2022
Net cash used in operating activities	$ (23,472)	$ (15,529)
Net cash provided by (used in) investing activities	$ 5,000	$ (210)
Net cash used in financing activities	$ —	$ (78)
Decrease in cash	$ (18,472)	$ (15,817)

Comparison of the Three Months Ended March 31, 2023 and March 31, 2022

Cash flows used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2023 was $23.5 million, attributable to a net change in net operating assets and liabilities of $12.3 million and non-cash adjustments of $11.1 million. Non-cash adjustments primarily consisted of a $13.75 million gain on disposition of assets, partially offset by $1.8 million of expenses settled with share-based payments and $0.5 million related to the increase in the fair value of the Private Warrants, mainly as a result of the increase in the price of our warrants during the first quarter of 2023. The change in our net operating assets and liabilities was primarily due to an $11.9 million decrease in accounts payable and accrued liabilities in the 2022 period due to the timing of supplier payments.

Cash flows provided by (used in) Investing Activities

Net cash provided by investing activities for the three months ended March 31, 2023 was $5.0 million, reflecting the cash received on closing of our investment in Low Carbon Royalties. In the comparative first quarter of 2022, cash used in investing activities was $0.2 million for the purchase of equipment.

Cash flows used in Financing Activities

Net cash used in financing activities for the three months ended March 31, 2022 was $0.1 million, compared to nil in the first three months of 2023.

Contractual Obligations and Commitments

NORI Exploration Contract

As part of the NORI Exploration Contract with the ISA, NORI submitted a periodic review report to the ISA in 2021, covering the 2017-2021 period. The periodic review report, which included a proposed work plan and estimated budget for 2022 to 2026, has been reviewed by and agreed with the ISA, and we are implementing the next five-year plan. NORI has estimated its work plan for 2023 to be approximately $25 million, which may be settled in cash or equity. The cost of the estimated work plan for 2024 onwards is contingent on the ISA's approval of the NORI Area D exploitation application. Should the approval of NORI's exploitation application for NORI Area D be delayed or rejected, NORI intends to revise its estimated future work plan in respect of its NORI Area. Work plans are reviewed annually by us, agreed with the ISA and may be subject to change depending on our progress to date.

TOML Exploration Contract

As part of the TOML Exploration Contract, TOML submitted a periodic review report to the ISA in 2021, covering the 2017-2021 period. The periodic review report included a summary of work completed over the five-year period and a program of activities and estimated budget for the next five-year period. On December 23, 2022, the ISA accepted TOML's proposed program of activities for the 2022-2026 five-year period, which included an estimated five-year expenditure of up to $44 million. The five-year estimated expenditure is indicative and subject to change, TOML will review the program regularly and TOML will inform the ISA of any changes through its annual reports.

Marawa Option Agreement and Services Agreement

As part of DGE's Marawa Option Agreement and Services Agreement with Marawa with respect to the Marawa Area, Marawa committed to spend a defined amount of funds on exploration activities on an annual basis. The commitment for fiscal 2023 and 2024 is Australian dollar ("AUD") $3 million and AUD $2 million, respectively. Such commitment is negotiated with the ISA for a five-year plan and is subject to regular periodic reviews. To date, limited offshore marine resource definition activities in the Marawa Contract Area have occurred. We expect to collaborate with Marawa to assess the viability of any potential project in the Marawa Contract Area, although the timing of such assessment is unclear. Marawa has delayed certain of its efforts in the Marawa Contract Area while it determines how it will move forward with additional assessment work.

Regulatory Obligations Relating to Exploration Contracts

Each of TOML and NORI require sponsorship from their host sponsoring nations, Tonga and Nauru, respectively. Each company has been registered and incorporated within the applicable host nation's jurisdiction. The ISA requires that a contractor must obtain and maintain sponsorship by a host nation that is a member of the ISA and such state must maintain effective supervision and regulatory control over such sponsored contractor. Each of TOML and NORI is subject to the registration and incorporation requirements of these nations. In the event the sponsorship is otherwise terminated, such subsidiary will be required to obtain new sponsorship from another state that is a member of the ISA. Failure to obtain such new sponsorship would have a material impact on the operations of such subsidiary and us.

Sponsorship Agreements

On July 5, 2017, Nauru, the Nauru Seabed Minerals Authority and NORI entered into the NORI Sponsorship Agreement formalizing certain obligations of the parties in relation to NORI's exploration and potential exploitation of the NORI Area. Upon reaching the minimum recovery level within the exploitation contract area, NORI will pay Nauru a seabed mineral recovery payment based on the polymetallic nodules recovered from the exploitation contract area. In addition, NORI will pay an administration fee each year to Nauru for such administration and sponsorship, which is subject to review and increase in the event NORI is granted an ISA exploitation contract. NORI has begun discussions with the Government of Nauru to renegotiate the existing sponsorship agreement and has also committed to ensuring NORI pays corporate income tax within Nauru.

On March 8, 2008, Tonga and TOML entered into the TOML Sponsorship Agreement formalizing certain obligations of the parties in relation to TOML's exploration and potential exploitation of the TOML Area. Upon reaching the minimum recovery level within the exploitation contract area, TOML has agreed to pay Tonga a seabed mineral recovery payment based on the polymetallic nodules recovered from the exploitation contract area. In addition, TOML has agreed to pay the reasonable direct costs incurred by Tonga to administer the obligations of Tonga to the ISA. On September 23, 2021, Tonga updated the TOML Sponsorship Agreement harmonizing the terms of its engagement with TOML with those held by NORI with Nauru. TOML expects to renegotiate the existing sponsorship agreement with Tonga prior to entering into operations in the TOML Area and has committed to paying corporate income tax within Tonga.

Allseas Agreements

On March 29, 2019, we entered into a strategic alliance with Allseas to develop a system to collect, lift and transport nodules from the seafloor to shore and agreed to enter into a nodule collection and shipping agreement whereby Allseas would provide commercial services for the collection of the first 200 million metric tonnes of polymetallic nodules on a cost plus 50% profit basis. In furtherance of this agreement, on July 8, 2019, we entered into a Pilot Mining Test Agreement with Allseas ("PMTA"), which was amended on five occasions through February 2023, to develop and deploy a PMTS, successful completion of which is a prerequisite for our application for an exploitation contract with the ISA. Under the PMTA, Allseas agreed to cover the development cost of the project in exchange for a payment from us upon successful completion of the pilot trial of the PMTS in NORI Area D.

On March 16, 2022, NORI and Allseas entered into a non-binding term sheet for the development and operation of a commercial nodule collection system. The pilot nodule collection system developed and tested by Allseas is expected to be upgraded to a commercial system with a targeted production capacity of 1.3 million tonnes of wet nodules per year with expected production readiness by the fourth quarter of 2024. NORI and Allseas intended to equally finance all costs related to developing and getting the first commercial system into production that were estimated at less than EUR100 million. It was anticipated that NORI will not have to make any payments related to the commercial system to Allseas until March 31, 2023. Once in production, NORI expected to pay Allseas a nodule collection and transshipment fee estimated at approximately EUR 150 per wet tonne in the first year of operations and expected to be reduced by more than 20% in the following years as Allseas scaled up production to at least 1.3 million wet tonnes of nodules per year. Following the successful completion of the NORI Area D pilot collection system trials in November 2022 and subsequent analysis of pilot data, the parties are reviewing Project Zero System production targets (up to 3 Mtpa of wet nodules), system design and cost estimates and intend to enter into a binding Heads of Terms in the second half of 2023. The parties expect to further detail their relationship in three separate definitive agreements for engineering, conversion/build and commercial operations phase, respectively. Subject to the necessary regulatory approvals, Allseas and NORI also intend to investigate acquiring a second production vessel similar to the Hidden Gem, another Samsung 10000, with the potential for it to be engineered to support a higher production rate of three million tonnes of wet nodules per year and lower associated per tonne production cost. There can be no assurances, however, that we will enter into definitive agreements with Allseas contemplated by the non-binding term sheet in a particular time period, or at all, or on terms similar to those set forth in the non-binding term sheet, or that if such definitive agreements are entered into by us that the proposed commercial systems and second production vessel will be successfully developed or operated in a particular time period, or at all.

Through March 31, 2023, we have made the following payments to Allseas under the PMTA: (a) $10 million in cash in February 2020, (b) $10 million through the issuance of 3.2 million common shares valued at $3.11 per share in February 2020, (c) issued Allseas a warrant to purchase 11.6 million common shares at a nominal exercise price per share in March 2021, (d) $10 million in cash in October 2021, following the closing of the Business Combination and meeting certain progress targets on the PMTS and (e) on February 23, 2023 issued 10.85 million common shares to Allseas, as described below.

On November 11, 2022, the board of directors approved the successful completion and testing of the PMTS in the NORI Area D and payment of the third milestone amounting to $10 million and additional costs owed to Allseas under the PMTA by issuing 10.85 million common shares to Allseas priced at $1.00 per share on February 23, 2023.

Offtake Agreement

On May 25, 2012, DGE and Glencore International AG ("Glencore") entered into a copper offtake agreement and a nickel offtake agreement. DGE has agreed to deliver to Glencore 50% of the annual quantity of copper and nickel produced by a DGE-owned facility from nodules derived from the NORI Area at London Metal Exchange referenced market pricing with allowances for product quality and delivery location. Either party may terminate the agreement upon a material breach or insolvency of the other party. Glencore may also terminate the agreement by giving twelve months' notice.

Credit Facility

As described above, on March 22, 2023 we entered into the Credit Facility with Argentum Credit Virtuti GCV, an affiliate of Allseas, under which we may borrow up to $25 million pursuant to the terms and conditions of the Credit Facility.

Off-Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated interim financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated interim financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of these statements, as well as expenses incurred during the reporting periods. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about items that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Except as described in Note 5 to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in our 2022 Annual Report on Form 10-K.

Emerging Growth Company Status

Section 102(b)(1) of the Jumpstart Our Business Startups ("JOBS") Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

We are an "emerging growth company" as defined in Section 2(a) of the Securities Act and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. Following the closing of the Business Combination, we expect to remain an emerging growth company at least through the end of the 2023 fiscal year and we expect to continue to take advantage of the benefits of the extended transition period at least through to the end of the 2023 fiscal year, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Cautionary Statements Regarding the NORI Initial Assessment and TOML Mineral Resource Statement

We have estimated the size and quality of our resource in the NORI and TOML Areas, as described below, in our SEC Regulation S-K (subpart 1300) compliant Technical Report Summary - Initial Assessment, of the NORI Property, Clarion-Clipperton Zone, Pacific Ocean dated March 17, 2021 ("NORI Initial Assessment") and Technical Report Summary - TOML Mineral Resource, Clarion-Clipperton Zone, Pacific Ocean dated March 26, 2021 ("TOML Mineral Resource Statement"), respectively, prepared by AMC Consultants Ltd. ("AMC"). We plan to continue to estimate our resources in the NORI and TOML Areas and develop the project economics. The initial assessment included in the NORI Initial Assessment Report is a conceptual study of the potential viability of mineral resources in NORI Area D. This initial assessment indicates that development of the mineral resource in NORI Area D is potentially technically and economically viable; however, due to the preliminary nature of project planning and design, and the untested nature of the specific seafloor production systems at a commercial scale, economic viability has not yet been demonstrated.

The NORI Initial Assessment and TOML Mineral Resource Statement do not include the conversion of mineral resources to mineral reserves.

As used in this Quarterly Report on Form 10-Q or in the applicable report summary, the terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource", as applicable, are defined and used in accordance with the SEC Mining Rules.

You are specifically cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves, as defined by the SEC. You are also cautioned that mineral resources do not have demonstrated economic value. Information concerning our mineral properties in the NORI and TOML Technical Report Summaries and in this Quarterly Report on Form 10-Q includes information that has been prepared in accordance with the requirements of the SEC Mining Rules forth in subpart 1300 of Regulation S-K. Under SEC standards, mineralization, such as mineral resources, may not be classified as a “reserve” unless the determination has been made that the mineralization would be economically and legally produced or extracted at the time of the reserve determination. Inferred mineral resources have a high degree of uncertainty as to their existence and to whether they can be economically or legally commercialized. Under the SEC Mining Rules, estimates of inferred mineral resources may not form the basis of an economic analysis. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. A significant amount of exploration must be completed in order to determine whether an inferred mineral resource may be upgraded to a higher category. Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally commercialized, or that it will ever be upgraded to a higher category. Approximately 97% of the NORI Area D resource is categorized as measured or indicated.

Likewise, you are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded to mineral reserves.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of markets and other risks including the effects of change in interest rates, inflation and foreign currency translation and transaction risks as well as risks to the availability of funding sources, hazard events, specific asset risks, regulatory risks, public policy risks and technology risks. We also expect to be exposed to commodity risks if and when we commence commercial production.

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that the fair value of our future cash flows and our financial instruments will fluctuate because of changes in market interest rates.

Our current practice is to invest excess cash in investment-grade short-term deposit certificates issued by reputable Canadian financial institutions with which we keep our bank accounts and management believes the risk of loss to be remote. We periodically monitor the investments we make and are satisfied with the credit ratings of our banks. Due to the current high cash need of our operating plan, we have kept our funds readily available, placed in secure, highly liquid interest-bearing investments, as at March 31, 2023.

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. Our receivables consist primarily of general sales tax due from the Federal Government of Canada and as a result, the risk of default is considered to be low. Once we commence commercial production, we expect our credit risk to rise with our increased customer base.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates our transactions in foreign currencies, primarily in the Canadian dollar, the Australian dollar, and the Great British Pound. We primarily hold our cash in U.S. dollars and settle our foreign currency payables soon after the receipt of invoices thereby minimizing the foreign currency exposure.

Once we commence commercial production, we expect to be exposed to both currency transaction and translation risk. To date, we have not had material exposure to foreign currency fluctuations and have not hedged such exposure, although we may do so in the future.

Commodity Price Risk

We expect to engage in the collection, transport, processing and sale of products containing nickel, copper, manganese and cobalt from the polymetallic nodules collected from our contract areas of the CCZ. Accordingly, we expect the principal source of future revenue to be the sale of products containing nickel, copper, manganese and cobalt. A significant and sustained decrease in the price of these metals from current levels could have a material and negative impact on our business, financial condition and results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

Remediation of Previously Reported Material Weakness

As previously disclosed, including in the 2022 Annual Report on Form 10-K, in 2021, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. In connection with the preparation of DeepGreen's financial statement for the years ended December 31, 2020 and 2019 and three months ended March 31, 2021 that were included in the proxy statement/prospectus filed with the SEC on August 13, 2021, as well as the financial statements for the six months ended June 30, 2021 that were included in our Current Report on Form 8-K, as amended, filed with the SEC on September 15, 2021, we identified a material weakness in our internal control over financial reporting as of December 31, 2020, March 31, 2021 and June 30, 2021 which related to deficiencies in the design and operation of the financial statement close and reporting controls, including maintaining sufficient written policies and procedures and the need to use appropriate technical expertise when accounting for complex or non-routine transactions. In the process of preparing the Company's third quarter 2021 financial statements, management discovered misstatements related to the understatement of exploration expense and overstatement of stock option expenses related to the three-month period ended March 31, 2021 and six-month period ended June 30, 2021. Management had concluded that this material weakness was due to the fact that, prior to the Business Combination, we were a private company with limited resources. As part of the review of our disclosure controls and procedures discussed above, management concluded that, as of March 31, 2023, this material weakness was remediated through the operation over time of the previously disclosed remediation items that were implemented by the end of 2022.

Changes in Internal Control over Financial Reporting

Other than the remediated control weakness explained above, there were no other changes in our internal control over financial reporting that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Except as set forth below, we are not currently a party to any material legal proceedings.

On September 20, 2021, we commenced litigation in the New York Supreme Court, New York County against two investors who failed to fund their investment commitments in connection with the closing of the Business Combination. These actions are captioned Sustainable Opportunities Acquisition Corp. n/k/a TMC the metals company Inc. v. Ethos Fund I, LP, Ethos GP, LLC, Ethos DeepGreen PIPE, LLC, and Ethos Manager, LLC, Index No. 655527/2021 (N.Y. Sup. Ct.) and Sustainable Opportunities Acquisition Corp. n/k/a TMC the metals company Inc. v. Ramas Capital Management, LLC, Ramas Energy Opportunities I, LP, Ramas Energy Opportunities I GP, LLC, and Ganesh Betanabhatla, Index No. 655528/2021 (N.Y. Sup. Ct.). The operative complaints allege that the investors breached the relevant subscription agreement and that the investors' affiliates tortiously interfered with the subscription agreements by causing the investor not to fund its contractual obligations. We are seeking compensatory damages (plus interest), equitable relief, expenses, costs, and attorneys' fees. On December 17, 2021, the defendants at Ethos moved to dismiss the complaint which was unsuccessful. The matter is proceeding into the discovery phase. There can be no assurances, however, that we will be successful in our efforts against these investors.

On October 28, 2021, a shareholder filed a putative class action against us, one of our executive and former director in federal district court for the Eastern District of New York, captioned Caper v. TMC The Metals Company Inc. F/K/A Sustainable Opportunities Acquisition Corp., Gerard Barron and Scott Leonard. The complaint alleges that all defendants violated Section 10(b) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and Messrs. Barron and Leonard violated Section 20(a) of the Exchange Act, by making false and/or misleading statements and/or failing to disclose information about our operations and prospects during the period from March 4, 2021 and October 5, 2021. On November 15, 2021, a second complaint containing substantially the same allegations was filed, captioned Tran v. TMC the Metals Company, Inc. These cases have been consolidated. On March 6, 2022, a lead plaintiff was selected. An amended complaint was filed on May 12, 2022, reflecting substantially similar allegations. The Plaintiff is seeking to recover compensable damages caused by the alleged wrongdoings. We deny any allegations of wrongdoing and have filed and served the plaintiff a motion to dismiss on July 12, 2022 and intend to defend against this lawsuit. On September 26, 2022, the motion to dismiss was fully briefed and the parties are awaiting a ruling. There is no assurance, however, that we or the other defendants will be successful in our defense of this lawsuit or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of this action. If the motion to dismiss is unsuccessful, there is a possibility that we may incur a loss in this matter. Such losses or range of possible losses either cannot be reliably estimated. A resolution of this lawsuit adverse to us or the other defendants, however, could have a material effect on our financial position and results of operations in the period in which the lawsuit is resolved.

In February 2022, we received letters from the SEC notifying us of an investigation and requesting the voluntary production of documents and information regarding our 2020 acquisition of Tonga Offshore Mining Limited from Deep Sea Mining Finance Ltd. and our Business Combination with SOAC. The Company is continuing to cooperate with the investigation and respond voluntarily to the SEC's requests.

On January 23, 2023, an investor in the 2021 private placement from the Business Combination filed a lawsuit against us in New York Supreme Court, New York County, captioned Atalaya Special Purpose Investment Fund II LP et al. v. Sustainable Opportunities Acquisition Corp. n/k/a TMC The Metals Company Inc., Index No. 650449/2023 (N.Y. Sup. Ct.). The complaint alleges that we breached the representations and warranties in the plaintiff's private placement Subscription Agreement and breached the covenant of good faith and fair dealing. The Plaintiffs are seeking to recover compensable damages caused by the alleged wrongdoings. We deny any allegations of wrongdoing and filed a motion to dismiss on March 31, 2023. There is no assurance, however, that we will be successful in our defense of this lawsuit or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of this action. If the motion to dismiss is unsuccessful, there is a possibility that we may incur a loss in this matter. Such losses or range of possible losses cannot be reliably estimated.

ITEM 1A. RISK FACTORS.

You should carefully review and consider the information regarding certain factors that could materially affect our business, consolidated financial condition or results of operations set forth under Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K filed on March 27, 2023. There have been no material changes from or additions to the risk factors disclosed in our 2022 Annual Report on Form 10-K filed on March 27, 2023. We may disclose changes to risk factors or additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Unregistered Sales of Equity Securities

On February 23, 2023, we issued 10,850,000 common shares priced at $1.00 per share to Allseas as payment for the third milestone amounting to $10 million and additional costs owed to Allseas under the PMTA. The common shares were issued pursuant to and in accordance with the exemption from registration under Section 4(a)(2) of the Securities Act.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the three months ended March 31, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Herein from Form or Schedule	Filing Date	SEC File/ Reg. Number
10.1	Fifth Amendment to Pilot Mining Test Agreement and Third Amendment to Strategic Alliance Agreement, effective as of February 8, 2023, by and among DeepGreen Engineering Pte Ltd, DeepGreen Metals Inc., TMC the metals company Inc. and Allseas Group S.A.		Form 8-K (Exhibit 10.1)	2/17/2023	001-39281
10.2†	Royalty Agreement, dated February 21, 2023, by and among TMC the metals company Inc., Nauru Ocean Resources Inc. and Low Carbon Royalties Inc.		Form 8-K (Exhibit 10.1)	2/22/2023	001-39281
10.3†	Investor Rights Agreement, dated February 21, 2023, by and among TMC the metals company Inc., Brian Paes-Braga and Low Carbon Royalties Inc.		Form 8-K (Exhibit 10.2)	3/27/2023	001-39281
10.4	Unsecured Credit Facility, dated March 22, 2023, by and between TMC the metals company Inc. and Argentum Credit Virtuti GCV		Form 10-K (Exhibit 10.31)	03/27/2023	001-39281
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32*	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	X			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X			

† Certain confidential portions of this Exhibit were omitted by means of marking such portions with brackets (“[***]”) because the identified confidential portions (i) are not material and (ii) is the type of information that the Company treats as private or confidential.

* The certifications attached as Exhibit 32 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of TMC the metals company Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	TMC THE METALS COMPANY INC.
Date: May 11, 2023	By: /s/ Gerard Barron Gerard Barron Chief Executive Officer
Date: May 11, 2023	By: /s/ Craig Shesky Craig Shesky Chief Financial Officer

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Gerard Barron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TMC the metals company Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 11, 2023

/s/ Gerard Barron
Gerard Barron
Chief Executive Officer *(Principal Executive Officer)*

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, Craig Shesky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TMC the metals company Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 11, 2023

/s/ Craig Shesky
Craig Shesky
Chief Financial Officer *(Principal Financial Officer)*

Exhibit 32

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of TMC the metals company Inc., a British Columbia, Canada corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Quarterly Report for the quarter ended March 31, 2023 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2023	/s/ Gerard Barron Gerard Barron Chief Executive Officer *(Principal Executive Officer)*
Dated: May 11, 2023	/s/ Craig Shesky Craig Shesky Chief Financial Officer *(Principal Financial Officer)*