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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 June 30, 2024

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 August 13, 2024, the registrant had 323,993,016 common shares outstanding.

TMC THE METALS COMPANY INC.
FORM 10-Q
For the quarterly period ended June 30, 2024

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In this Quarterly Report on Form 10-Q, the terms "we," "us," "our," the "Company" and "TMC" mean TMC the metals company Inc. and our subsidiaries. TMC is incorporated under the laws of the province of British Columbia, Canada. The Company's common shares and public warrants to purchase common shares trade on the Nasdaq Global Select Market ("Nasdaq"), under the symbols "TMC" and "TMCWW," respectively.

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 and the borrowing ability under our credit facility with a company related to Allseas Group S.A., as we expect it to be amended, and credit facility with ERAS Capital LLC/Gerard Barron 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;
- our agreement in principle to amend our credit facility with a company related to Allseas Group S.A.;

- any litigation to which we are a party;
- claims and limitations on insurance coverage;
- our plans to mitigate our material weakness in our internal control over financial reporting;
- the restatement of our financial statements;
- geological, metallurgical and geotechnical studies and opinions;
- mineral resource estimates and our ability to define and declare reserve 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 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, 2023 as filed with the Securities and Exchange Commission ("SEC"), on March 25, 2024, as amended on April 18, 2024 (the "2023 Annual Report on Form 10-K"), as updated and/or supplemented in subsequent filings we make with the SEC, including this Quarterly Report on Form 10-Q. 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 June 30, 2024	As at December 31, 2023
Current			
Cash		$ 474	$ 6,842
Receivables and prepayments		1,237	1,978
		1,711	8,820
Non-current			
Exploration contracts		43,150	43,150
Right of use asset	6	4,767	5,721
Equipment		936	1,133
Software		1,793	1,643
Investment	7	8,290	8,429
		58,936	60,076
TOTAL ASSETS		**$ 60,647**	**$ 68,896**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		37,784	31,334
Short-term debt	6,14	5,875	—
		43,659	31,334
Non-current			
Deferred tax liability		10,675	10,675
Royalty liability	7	14,000	14,000
Warrants liability	10	1,920	1,969
TOTAL LIABILITIES		**$ 70,254**	**$ 57,978**
EQUITY			
Common shares(unlimited shares, no par value – issued: 322,241,883 (December 31, 2023 – 306,558,710))		460,573	438,239
Class A - J Special Shares		—	—
Additional paid in capital		125,300	122,797
Accumulated other comprehensive loss		(1,216)	(1,216)
Deficit		(594,264)	(548,902)
TOTAL EQUITY		**(9,607)**	**10,918**
TOTAL LIABILITIES AND EQUITY		**$ 60,647**	**$ 68,896**

Nature of Operations *(Note 1)*
Contingent Liabilities *(Note 15)*
Subsequent Event *(Note 17)*

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

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

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating expenses					
Exploration and evaluation expenses	8	$ 12,403	$ 8,098	$ 30,526	$ 15,267
General and administrative expenses		7,892	5,131	14,451	11,345
Operating loss		**20,295**	**13,229**	**44,977**	**26,612**
Other items					
Equity-accounted investment loss	7	61	137	139	356
Change in fair value of warrant liability	10	(580)	787	(49)	1,331
Foreign exchange loss (gain)		(84)	23	(350)	52
Interest income		(16)	(319)	(118)	(773)
Fees and interest on borrowings and credit facilities	6,14	492	250	763	277
Net Loss and comprehensive loss for the period		**$ 20,168**	**$ 14,107**	**$ 45,362**	**$ 27,855**
Net Loss per share - Basic and diluted		**$ 0.06**	**$ 0.05**	**$ 0.14**	**$ 0.10**
Weighted average number of common shares outstanding – basic and diluted		**320,891,977**	**281,323,151**	**316,206,916**	**276,702,050**

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)

	Common Shares							
Three months ended June 30, 2024	**Shares**	**Amount**	**Preferred Shares**	**Special Shares**	**Additional Paid in Capital**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
April 1, 2024	**318,291,383**	**$ 454,431**	**$ —**	**$ —**	**$ 122,691**	**$ (1,216)**	**$ (574,096)**	**$ 1,810**
Conversion of restricted share units, net of shares withheld for taxes (Note 11)	1,777,466	1,884	—	—	(1,884)	—	—	—
Shares issued from ATM (Note 12)	1,634,588	2,587	—	—	—	—	—	2,587
Exercise of stock options (Note 11)	511,052	1,617	—	—	(1,398)	—	—	219
Share purchase under Employee Share Purchase Plan (Note 11)	27,394	54	—	—	(30)	—	—	24
Share-based compensation and expenses settled with equity (Note 11)	—	—	—	—	5,921	—	—	5,921
Loss for the period	—	—	—	—	—	—	(20,168)	(20,168)
June 30, 2024	**322,241,883**	**$ 460,573**	**$ —**	**$ —**	**$ 125,300**	**$ (1,216)**	**$ (594,264)**	**$ (9,607)**

	Common Shares							
Three months ended June 30, 2023	**Shares**	**Amount**	**Preferred Shares**	**Special Shares**	**Additional Paid in Capital**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
April 1, 2023	**280,618,285**	**$ 345,090**	**$ —**	**$ —**	**$ 186,796**	**$ (1,216)**	**$ (488,869)**	**$ 41,801**
Conversion of restricted share units, net of shares withheld for taxes	434,558	591	—	—	(561)	—	—	30
Share purchase under Employee Share Purchase Plan	83,572	94	—	—	(45)	—	—	49
Share-based compensation and expenses settled with equity	—	—	—	—	2,532	—	—	2,532
Loss for the period	—	—	—	—	—	—	(14,107)	(14,107)
June 30, 2023	**281,136,415**	**$ 345,775**	**$ —**	**$ —**	**$ 188,722**	**$ (1,216)**	**$ (502,976)**	**$ 30,305**

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)

Six months ended June 30, 2024	Common Shares		Preferred	Special	Additional Paid in	Accumulated Other Comprehensive		
	Shares	Amount	Shares	Shares	Capital	Loss	Deficit	Total
January 1, 2024	**306,558,710**	**$ 438,239**	**$ —**	**$ —**	**$ 122,797**	**$ (1,216)**	**$ (548,902)**	**$ 10,918**
Issuance of shares and warrants under Registered Direct Offering, net of expenses (Note 9)	4,500,000	7,447	—	—	1,553	—	—	9,000
Conversion of restricted share units, net of shares withheld for taxes (Note 11)	8,890,139	10,485	—	—	(10,485)	—	—	—
Shares issued as per At-the-Market Equity Distribution Agreement (Note 12)	1,634,588	2,587	—	—	—	—	—	2,587
Exercise of stock options (Note 11)	631,052	1,761	—	—	(1,352)	—	—	409
Share purchase under Employee Share Purchase Plan (Note 11)	27,394	54	—	—	(30)	—	—	24
Share-based compensation and expenses settled with equity (Note 11)	—	—	—	—	12,817	—	—	12,817
Loss for the period	—	—	—	—	—	—	(45,362)	(45,362)
June 30, 2024	**322,241,883**	**$ 460,573**	**$ —**	**$ —**	**125,300**	**$ (1,216)**	**$ (594,264)**	**$ (9,607)**

Six months ended June 30, 2023	Common Shares		Preferred	Special	Additional Paid in	Accumulated Other Comprehensive		
	Shares	Amount	Shares	Shares	Capital	Loss	Deficit	Total
January 1, 2023	**266,812,131**	**$ 332,882**	**$ —**	**$ —**	**$ 184,960**	**$ (1,216)**	**$ (475,121)**	**$ 41,505**
Conversion of restricted share units, net of shares withheld for taxes	3,390,712	3,405	—	—	(3,375)	—	—	30
Share purchase under Employee Share Purchase Plan	83,572	94	—	—	(45)	—	—	49
Shares issued to Allseas	10,850,000	9,394	—	—	—	—	—	9,394
Share-based compensation and expenses settled with equity	—	—	—	—	7,182	—	—	7,182
Loss for the period	—	—	—	—	—	—	(27,855)	(27,855)
June 30, 2023	**281,136,415**	**$ 345,775**	**$ —**	**$ —**	**188,722**	**$ (1,216)**	**$ (502,976)**	**$ 30,305**

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	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash provided by (used in)			
Operating activities			
Loss for the period		$ (45,362)	$ (27,855)
Items not affecting cash:			
Amortization		197	175
Lease Expense	6	954	—
Accrued interest on credit facilities	6,14	25	—
Share-based compensation and expenses settled with equity	11	12,817	7,182
Equity-accounted investment loss	7	139	356
Change in fair value of warrants liability	10	(49)	1,331
Unrealized foreign exchange		(301)	(17)
Changes in working capital:			
Receivables and prepayments		782	1,097
Accounts payable and accrued liabilities		6,857	(14,152)
Net cash used in operating activities		**(23,941)**	**(31,883)**
Investing activities			
Acquisition of equipment and software		(415)	(75)
Net cash used in investing activities		**(415)**	**(75)**
Financing activities			
Proceeds from registered direct offering	9	9,000	—
Expenses paid for registered direct offering	9	(142)	—
Proceeds from Shares issued from ATM	12	2,546	—
Proceeds from Drawdown of Credit Facilities	14	3,875	—
Proceeds from Drawdown of Allseas Debt Agreement	6	2,000	—
Interest paid on amounts drawn from credit facilities	14	(25)	—
Proceeds from Low Carbon Royalties Investment		—	5,000
Proceeds from employee stock plans	11	24	49
Proceeds from exercise of stock options	11	409	—
Proceeds from issuance of shares		—	30
Net cash provided by financing activities		**17,687**	**5,079**
Decrease in cash		**$ (6,669)**	**$ (26,879)**
Impact of exchange rate changes on cash		**301**	**17**
Cash - beginning of period		**6,842**	**46,876**
Cash - end of period		**474**	**20,014**

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. The Company's corporate office, registered address and records office is located at 10th 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, cobalt and manganese sulfates, or intermediate nickel-copper-cobalt matte) for electric vehicles ("EV") and renewable energy storage markets, (ii) copper cathode for EV wiring, 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 square kilometers 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 square kilometers 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 square kilometers 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 deliver a system to collect, lift and transport nodules from the seafloor to shore that meets the requirements of 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 at commercial scale, 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.

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, 2024 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, 2023. The Company has applied the same accounting policies as in the prior year, except as disclosed below.

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)

Comparative figures reported in the Condensed Consolidated Balance Sheet, for software development costs and equipment, and figures reported in the Condensed Consolidated Statements of Cash Flows, for expenses settled with equity and changes in working capital 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 11), valuation of Class A warrants (Note 10) as well as the valuation of private warrants (Note 10), the valuation of the Royalty liability (Note 7) and the valuation of leases (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 US 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.

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 and six months ended June 30, 2024, and 2023.

As at June 30, 2024, and December 31, 2023, the carrying values of cash, receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The financial instruments also include royalty liability, and warrants issued by the Company. These warrants and royalty liability are valued at fair value, which is disclosed in Note 10.

5. Recent Accounting Pronouncements Issued and Adopted

There were no recent accounting pronouncements issued and adopted by the Company during the period.

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)

6. Strategic Alliance with Allseas and Affiliates

Development of Project Zero Offshore Nodule Collection System

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. For the three and six months ended June 30, 2024, Allseas provided the Company with engineering, project management and vessel use services consisting of lay-up and transit costs totaling $3.2 million and $6.9 million respectively which were recorded as mining, technological and process development within exploration and evaluation expenses (three months and six months ended June 30, 2023 - $ 1.9 million and $2.9 million respectively) (Note 8).

Exclusive Vessel Use Agreement with Allseas

On August 1, 2023, the Company entered into an Exclusive Vessel Use Agreement with Allseas pursuant to which Allseas will give exclusive use of the vessel ("*Hidden Gem*") to the Company in support of the development of the Project Zero Offshore Nodule Collection System.

The Company determined that the Exclusive Vessel Use Agreement with Allseas is a lease agreement, classified as an operating lease.

For the three and six months ended June 30, 2024, the Company has recognized $0.5 million and $1 million, respectively as lease expense recorded as mining, technological and process development within exploration and evaluation expenses.

As at June 30, 2024, the net amount of the right-of-use asset is as follows:

	Right-of-use Asset
Balance as at December 31, 2023	$ 5,721
Lease expense during the period	(954)
Balance as at June 30, 2024	**$ 4,767**

Credit Facility and Loan Agreement with Company Related to Allseas

On March 22, 2023, the Company entered into an Unsecured Credit Facility Agreement, which was amended on July 31, 2023 ("Credit Facility"), with Argentum Cedit 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. The Company has the ability to settle certain charges under this Credit Facility in cash or in equity at the discretion of the Company. The Credit Facility also contains customary events of default. On March 22, 2024, the Company entered into the Second Amendment to the Unsecured Credit Facility with the Lender, to extend the Credit Facility to August 31, 2025 and to provide that the underutilization fee thereunder shall cease to be payable after the date on which the Company or the Lender gives notice of termination of the agreement. Under the amended Credit Facility, the Company may borrow from the Lender up to $25,000,000 in the aggregate through August 31, 2025.

During the three months and six months ended June 30, 2024, the Company has not drawn any amount from the Credit Facility and has incurred $0.3 million and $0.5 million, respectively (three months ended and six months ended June 30, 2023: $0.3 million) as underutilization fees.

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On May 27, 2024, the Company entered into a short-term loan agreement with the Lender. In accordance with the agreement, the Lender provided a short-term loan to the Company amounting to $2 million (the "Loan") on May 30, 2024. The Loan has priority over the 2024 Credit Facility with Gerard Barron and ERAS Capital LLC (Note 14). The Loan and accrued interest are payable to the Lender on or before the earlier of (i) the Company's next financing and (ii) September 10, 2024 (maturity date). The Loan accrues interest at a rate of 8% per annum. During the three and six months ended June 30, 2024, the Company has incurred $14 thousand as interest expense.

As at June 30, 2024, the total amount payable to Allseas and its affiliates was $22.8 million (December 31, 2023: $13.8 million).

As at June 30, 2024, Allseas and its affiliates owned 53.8 million TMC common shares (2023: 53.8 million TMC common shares) which constituted 16.7% (December 31, 2023: 17.6%) of total common shares outstanding.

7. 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 "Royalty Agreement") with Low Carbon Royalties. In connection with the Royalty Agreement, NORI contributed a 2% gross overriding royalty (the "NORI Royalty") on the Company's NORI project area in the CCZ to Low Carbon Royalties. 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. On March 21, 2023, Low Carbon Royalties acquired additional gross overriding royalties on natural gas fields in Latin America. 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% from 35%.

Based on the fair value of the NORI Royalty granted and the cash received, the Company recorded $9 million as investment in Low Carbon Royalties on the Closing Date. For the three and six months ended June 30, 2024, the Company's share of the net loss generated by the Low Carbon Royalties was $62 thousand and $139 thousand, respectively (share of net loss for three months and six months ended June 30, 2023: $0.1 million and $0.4 million respectively).

	Investment
Fair value of NORI Royalty	$ 14,000
Cash received	(5,000)
Cost of Investment on Closing Date	9,000
Equity-accounted investment loss for the year ended 2023	(571)
Investment as at December 31, 2023	$ 8,429
Equity-accounted investment loss for the period ended June 30, 2024	**(139)**
Investment as at June 30, 2024	$ **8,290**

The NORI Royalty was recorded as a royalty liability in the consolidated Balance Sheet in accordance with ASC 470, Debt ("ASC 470"). The Company elected to account for the royalty liability at fair value through profit and loss. The fair value was determined using a market approach which entails examining recent royalty transactions prior to the reporting date, focusing on those transactions that involve similar metals as contained in NORI's polymetallic nodules. The Company compares the specific characteristics of these transactions to estimate the fair value. The fair value of the royalty liability as at June 30, 2024, remained unchanged at $14 million.

Financial results of Low Carbon Royalties as at and for the three and six months ended June 30, 2024 and 2023 are summarized below:

	As at June 30, 2024	As at June 30, 2023
Current Assets	$ **1,410**	1,045
Non-Current Assets	**25,726**	26,606
Current Liabilities	**80**	119

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	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Royalty Income	$ **396**	99	**790**	124
Total Revenue	**410**	113	**814**	179
Comprehensive Loss for the period	$ **(191)**	(426)	**(433)**	(1,078)

8. Exploration and Evaluation Expenses

The detail of exploration and evaluation expenses is as follows:

Three months ended June 30, 2024	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	**$ 1,489**	**$ —**	**$ —**	**$ 1,489**
Exploration Labor	**2,248**	**21**	**154**	**2,423**
Share-Based Compensation *(Note 11)*	**3,002**	**8**	**113**	**3,123**
Mining, Technological and Process Development	**3,618**	**—**	**318**	**3,936**
Prefeasibility Studies	**295**	**—**	**—**	**295**
Sponsorship, Training and Stakeholder Engagement	**557**	**26**	**157**	**740**
Permit Application Activities	**203**	**—**	**—**	**203**
Other	**158**	**—**	**36**	**194**
	$ 11,570	**$ 55**	**$ 778**	**$ 12,403**

Three months ended June 30, 2023	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	$ 1,909	$ —	$ —	$ 1,909
Exploration Labor	1,167	41	136	1,344
Share-Based Compensation	1,260	43	132	1,435
Mining, Technological and Process Development	1,969	—	197	2,166
Prefeasibility Studies	421	—	—	421
Sponsorship, Training and Stakeholder Engagement	489	45	222	756
Other	67	—	—	67
	$ 7,282	**$ 129**	**$ 687**	**$ 8,098**

Six months ended June 30, 2024	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	**$ 3,319**	**$ —**	**$ —**	**$ 3,319**
Exploration Labor	**4,407**	**40**	**310**	**4,757**
Share-Based Compensation *(Note 11)*	**3,919**	**(1)**	**176**	**4,094**
Mining, Technological and Process Development	**14,878**	**—**	**656**	**15,534**
Prefeasibility Studies	**585**	**—**	**—**	**585**
Sponsorship, Training and Stakeholder Engagement	**1,244**	**61**	**308**	**1,613**
Permit Application Activities	**203**	**—**	**—**	**203**
Other	**360**	**—**	**61**	**421**
	$ 28,915	**$ 100**	**$ 1,511**	**$ 30,526**

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Six months ended June 30, 2023	NORI Exploration Contract	Marawa Option Agreement	TOML Exploration Contract	Total
Environmental Studies	$ 4,527	$ —	$ —	$ 4,527
Exploration Labor	2,245	86	269	2,600
Share-Based Compensation	2,088	69	215	2,372
Mining, Technological and Process Development	2,987	—	302	3,289
Prefeasibility Studies	805	—	—	805
Sponsorship, Training and Stakeholder Engagement	903	121	459	1,483
Other	191	—	—	191
	$ 13,746	$ 276	$ 1,245	$ 15,267

9. Registered Direct Offering

On August 14, 2023, the Company entered into a securities purchase agreement with certain investors, pursuant to which the Company agreed to sell and issue, in a registered direct offering (the "Registered Direct Offering") 12,461,540 common shares and issue Class A Warrants to purchase 6,230,770 common shares ("Class A Warrants) (Note 10). Each common share and accompanying Class A Warrant were sold at a price of $2.00 per unit. The exercise price to purchase one common share under the Class A warrants is $3.00, subject to adjustment as provided in the warrant agreement.

As at June 30, 2024, all common shares and Class A Warrants to purchase common shares under the Registered Direct Offering had been issued and the Company received gross proceeds amounting to $24.9 million. The Company incurred $1.3 million as offering expenses, resulting in net proceeds received of $23.6 million. Out of the total net proceeds received of $23.6 million, the net proceeds attributable to common shares were $18.9 million and the net proceeds attributable to Class A Warrants were $4.7 million.

10. 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 June 30, 2024, 15,000,000 (June 30, 2023 - 15,000,000) Public Warrants were outstanding. Public Warrants may only be exercised for a whole number of shares.

As at June 30, 2024, the value of outstanding Public Warrants of $19.5 million was recorded in additional paid in capital.

Private Warrants

As at June 30, 2024, 9,500,000 (June 30, 2023 - 9,500,000) Private Warrants were outstanding.

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-day trading period and historical volatility of the share price of the common shares.

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As at June 30, 2024, the fair value of outstanding Private Warrants of $1.9 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, 2023	$ 1,969
Increase in fair value of warrants liability	(49)
Warrants liability as at June 30, 2024	$ **1,920**

The fair value of the Private Warrants was estimated using the following assumptions:

	June 30, 2024	December 31, 2023
Exercise price	$ **11.50**	$ 11.50
Share price	$ **1.35**	$ 1.10
Volatility	**103.97%**	105.34%
Term	**2.19 years**	2.69 years
Risk-free rate	**4.56%**	3.98%
Dividend yield	**0.0%**	0.0%

Class A Warrants

As at June 30, 2024, 6,230,770 (June 30, 2023 – nil) Class A warrants were outstanding, and the total fair value of the outstanding Class Warrants recorded in additional paid in capital was $4.7 million (December 31, 2023 - $3.2 million).

There were no exercises or redemptions of the Public Warrants, Private Warrants and Class A warrants during the three-month and six-month period ended June 30, 2024.

11. 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 June 30, 2024, is 56,634,518 common shares, including 12,262,348 shares added to the Plan in January 2024 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 from 2022 to 2031, 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.

Share-based awards consisting of Restricted Share Units (STIP and LTIP) and options granted by TMC have been issued under the 2021 Incentive Equity Plan.

Stock options

On April 9, 2024, the Company entered into a consulting agreement with Mr. Jurvetson, a director of the Company (the "Agreement"). The Agreement provides, among other things, that Mr. Jurvetson would serve as a special advisor to the Company's Chief Executive Officer for a term of five years. As the sole compensation for his advisory services, Mr. Jurvetson was granted stock options to purchase 3,440,000 of the Company's common shares, with an exercise price equal to $1.71, under the Company's 2021 Incentive Plan ("Incentive Plan"). The options vest in thirds on each anniversary of the grant date of the options provided that Mr. Jurvetson is still providing services to the Company at such time and expire on April 9, 2031.

On April 9, 2024, the Company also granted stock options to purchase 500,000 shares to a consultant in exchange for advisory services over a 5-year period ending April 9, 2029.

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The Company determined the fair value of the options to be $1.36 per unit using the Black-Scholes valuation method. The fair value was estimated using the following assumptions:

	April 9, 2024
Exercise price	$ **1.71**
Share price	$ **1.71**
Volatility	**114.32%**
Term[(1)]	**4.5 years**
Risk-free rate	**4.29%**
Dividend yield	**0.0%**

(1) The expected term is estimated using the simplified method which is calculated as the average of the time to vest for each tranche from the grant date and the 7-year contractual term.

During the three and six months ended June 30, 2024, the Company recognized $0.4 million of share-based compensation expense reported as general and administrative expenses in the statement of loss and comprehensive loss.

As at June 30, 2024, there were 14,443,188 stock options outstanding under the Company's Short-Term Incentive Plan ("STIP") and 9,644,874 stock options outstanding under the Company's Long-Term Incentive Plan ("LTIP"). The Company has not granted any options under the STIP and LTIP since September 9, 2021 (date of the Business Combination) and has fully recognized the fair value of the options issued in prior periods under the STIP and LTIP. During the six months ended June 30, 2024, the Company recorded the forfeiture of unvested stock options (issued under LTIP plans) thereby reversing $0.6 million previously recorded as share-based compensation expense in the statement of loss and comprehensive loss (six months ended June 30, 2023: $nil), evenly apportioned between exploration and evaluation expenses (Note 8) and general and administration expenses.

A continuity schedule summarizing the movements in the Company's stock options under the various plans is as follows:

	Number of Options Outstanding under STIP	Number of Options Outstanding under LTIP	Number of Options Outstanding under Incentive Plan
Outstanding – December 31, 2022	15,356,340	9,783,922	—
Expired	(162,100)	—	—
Exercised	(120,000)	—	—
Outstanding – December 31, 2023	15,074,240	9,783,922	—
Granted	—	—	**3,940,000**
Forfeited	—	**(139,048)**	—
Exercised	**(631,052)**	—	—
Outstanding – June 30, 2024	**14,443,188**	**9,644,874**	**3,940,000**

Restricted Share Units ("RSU")

The Company may, from time to time, grant RSUs to directors, officers, employees, and consultants of the Company and its subsidiaries under the Plan. On each vesting date, RSU holders are issued common shares equivalent to the number of RSUs held provided the holder is providing service to the Company on such vesting date.

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A summary of the RSU activity during the six-month period ended June 30, 2024 is presented in the table below:

	Number of RSUs Outstanding
Outstanding – December 31, 2023	12,484,880
Granted	32,414,380
Forfeited	(247,560)
Exercised	(8,890,139)
Outstanding – June 30, 2024	**35,761,561**

The details of RSUs granted by the Company during the three months and six months ended June 30, 2024 are as follows:

Vesting Period	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Vesting Immediately[1][2]	**206,260**	—	**4,006,695**	3,237,710
Vesting fully on the first anniversary of the grant date [3]	**476,189**	1,014,349	**493,430**	1,014,349
Vesting in thirds on each anniversary of the grant date[4]	**68,027**	—	**7,212,375**	8,683,486
Vesting in fourths on each anniversary of the grant date	**701,880**	—	**701,880**	343,750
Vesting based on market conditions [5]	**20,000,000**	—	**20,000,000**	—
Total Units Granted	**21,452,356**	1,014,349	**32,414,380**	13,279,295

1. Of the 4,006,695 RSUs vesting immediately on grant date, 2,812,802 RSUs were issued to settle liabilities with a carrying amount of $4.1 million, at a weighted average grant date fair value of $1.44 per RSU.

2. Of the 206,260 RSUs vesting immediately on the grant date issued during the three months ended June 30, 2024, the Company granted 140,260 RSUs, to consultants (three months ended June 30, 2023: nil) resulting in $0.2 million, charged as general and administrative expenses for the three months ended June 30, 2024 (three ended June 30, 2023: nil). Of the 4,006,695 RSUs vesting immediately on the grant date issued during the six months ended June 30, 2024, the Company granted 186,593 RSUs, to consultants (six months ended June 30, 2023: 23,438 RSUs) resulting in $0.3 million, charged as general and administrative expenses for the six months ended June 30, 2024 (six months ended June 30, 2023: $23 thousand charged as general and administrative expenses). During the three and six months ended June 30, 2024, the Company also granted 39,174 RSUs and 66,497 RSUs, respectively, to consultants as a prepayment for their services (three and six months ended June 30, 2023: nil).

3. During the three and six months ended June 30, 2024, an aggregate of 476,189 RSUs were granted to the Company's non-employee directors under the Company's Non-employee Director Compensation Policy, which will vest at the Company's 2025 annual shareholders meeting. The total fair value of units granted as annual grants to non-employee directors amounted to $700,000.

4. During the six months ended June 30, 2024, the Company granted 7,144,348 RSUs, as payment for the 2023 LTIP awards (six months ended June 30, 2023: 8,645,465 RSUs were issued as payment for the 2022 LTIP awards).

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5. On April 16, 2024, the Company entered into a new employment agreement with Gerard Barron, the Company's Chief Executive Officer and Chairman (the "Employment Agreement") that replaced and superseded Mr. Barron's existing employment agreement. Under the Employment Agreement, the Company granted Mr. Barron a one-time signing bonus award of market-based restricted stock units (the "Signing RSUs") amounting to 20,000,000 of the Company's common shares. The Signing RSUs will vest upon the common shares achieving the following closing prices per common share, based on the trailing 30-day average price (the "Closing Price"), on or prior to April 16, 2029 (maturity date), subject to Mr. Barron's continued service with the Company on the applicable vesting date: one-third of the Signing RSUs vest on achievement of a Closing Price of $7.50; one-third of the Signing RSUs vest on achievement of a Closing Price of $10.00; and one-third of the Signing RSUs vest on achievement of a Closing Price of $12.50 (each subject to equitable adjustment for any stock splits, combinations, reclassifications, stock dividends and the like). Pursuant to the Employment Agreement, Mr. Barron has agreed not to sell any of the common shares issuable upon vesting of the Signing RSUs until after the fifth anniversary of entering into the Employment Agreement.

The Company determined the fair value of the options using the Monte-Carlo valuation method. The fair value of each tranche and the derived service period are as follows:

Tranche	Fair Value per RSU	Derived Service Period
Achievement of a Closing Price of $7.50	$ 1.07	1.58 years from the grant date
Achievement of a Closing Price of $10	$ 1.04	1.87 years from the grant date
Achievement of a Closing Price of $12.50	$ 1.00	2.10 years from the grant date

The fair value of the Signing RSUs was estimated using the following assumptions:

	April 16, 2024
Share price	$ 1.72
Performance period	April 16, 2024 – April 16, 2029
Volatility	113.83%
Risk-free rate	4.57%
Cost of Equity	19.56%
Dividend yield	0.0%

The grant date fair value of all RSUs, apart from the Signing RSUs, is equivalent to the closing share price of the Company's common shares on the date of grant. During the three and six months ended June 30, 2024, a total of $5.3 million and $8.5 million, respectively, was charged to the statement of loss and comprehensive loss as share-based compensation expense for RSUs (three and six months ended June 30, 2023: $2.4 million and $4 million, respectively). For the three and six months ended June 30, 2024, a total of $3.1 million and $4.4 million, respectively, was recognized as share-based compensation expense and related to exploration and evaluation activities (three and six months ended June 30, 2023 - $1.4 million and $2.3 million, respectively). The amount of share-based compensation expense related to general and administration matters for three and six months ended June 30, 2024 was $2.2 million and $4.1 million, respectively (three and six months ended June 30, 2023 - $1 million and $1.7 million, respectively). As at June 30, 2024, total unrecognized share-based compensation expense for RSUs was $31.7 million (December 31, 2023 - $6.9 million).

As at June 30, 2024, an aggregate of 72,318 vested RSUs were being processed and due to be converted into common shares.

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Employee Stock Purchase Plan

On May 31, 2022, TMC's 2021 Employee Stock Purchase Plan ("ESPP") was approved at the Company's 2022 annual shareholders meeting. As of June 30, 2024, there were 10,998,032 common shares reserved for issuance under the ESPP. This included 3,065,587 shares added to the ESPP in January 2024 pursuant to the ESPP's automatic annual increase provision. 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 three and six months ended June 30, 2024, a total of $13 thousand and $31 thousand, respectively, was charged to the condensed consolidated statement of loss and comprehensive loss (for three and six months ended June 30, 2023: $28 thousand and $47 thousand, respectively) as share-based compensation expense for ESPP issuances. For the three and six months ended June 30, 2024, a total of $6 thousand and $15 thousand, respectively, of this recognized share-based compensation expense was related to exploration and evaluation activities (three and six months ended June 30, 2023 - $19 thousand and $26 thousand, respectively). The amount of this share-based compensation expense related to general and administration matters for three and six months ended June 30, 2024 was $7 thousand and $16 thousand, respectively (three and six months ended June 30, 2023 - $9 thousand and $21 thousand, respectively). On May 31, 2024, the Company issued 27,394 common shares to its employees, thereby converting employee payroll contributions over the previous six months into shares, as prescribed in its ESPP program (in the three and six months ended June 30, 2023, 83,572 common shares were issued).

12. Shares issued as per At-the-Market Equity Distribution Agreement ("ATM")

In December 2022, the Company filed a prospectus supplement with the Securities and Exchange Commission to sell up to $30 million of the Company's common shares from time to time through an ATM. During the three months and six months ended, the Company issued 1,634,588 common shares at an average share price of $1.61 resulting in net proceeds amounting to $2.6 million after incurring $42 thousand as commission and fees.

13. Loss per Share

Basic loss per share is computed by dividing the loss 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. Basic and diluted loss per share was the same for each period presented as the inclusion of all common share equivalents would have been anti-dilutive.

Anti-dilutive equivalent common shares were as follows:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Outstanding options to purchase common shares	**28,028,062**	25,140,262
Outstanding RSUs	**35,761,561**	13,661,066
Outstanding shares under ESPP	**2,767**	46,011
Outstanding warrants	**30,730,770**	36,078,620
Outstanding Special Shares and options to purchase Special Shares	**136,239,964**	136,239,964
Total anti-dilutive common equivalent shares	**230,763,124**	211,165,923

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14. Related Party Transactions

The Company's subsidiary, DeepGreen Engineering Pte. Ltd., 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 and six months ended June 30, 2024 totaled $25 thousand and $50 thousand, respectively (three and six months ended June 30, 2023 - $69 thousand and $138 thousand, respectively), out of which for three and six months ended June 30, 2024 a total of $18 thousand $35 thousand, respectively (three and six months ended June 30, 2023 - $55 thousand and $110 thousand, respectively), is disclosed as exploration labor within exploration and evaluation expenses (Note 8) and $7 thousand and $15 thousand, respectively, for three and six months ended June 30, 2024 is disclosed as general and administration expenses (three and six months ended June 30, 2023 - $14 thousand and $28 thousand, respectively). As at June 30, 2024, the amount payable to SSCS was $nil (December 31, 2023 - $17 thousand).

One of the Company's directors who was appointed in the Company's annual general meeting held on May 31, 2024 is the Chairman of Stonehaven Campaigns Limited and Robertsbridge Consultants Limited, which provide the Company with consulting services. During the three and six months ended June 30, 2024, Stonehaven Campaigns Limited provided consulting services amounting to nil and $12 thousand recorded in general and administrative expenses. During the three and six months ended June 30, 2024, Robertsbridge Consultants Limited provided consulting services amounting to $5 thousand and $36 thousand recorded in general and administrative expenses. As at June 30, 2024, the amount payable to both Stonehaven Campaigns Limited and Robertsbridge Consultants Limited was nil.

On January 30, 2024, as part of the Registered Direct Offering (Note 9), the Company received the remaining committed funding of $9 million from ERAS Capital LLC, the investment fund of one of the Company's directors.

On March 22, 2024, the Company entered into an Unsecured Credit Facility (the "2024 Credit Facility") with Gerard Barron, the Company's Chief Executive Officer and Chairman, and ERAS Capital LLC, the family fund of one of the Company's director, (collectively, the "2024 Lenders"), pursuant to which, the Company may borrow from the 2024 Lenders up to $20,000,000 in the aggregate ($10,000,000 from each of the 2024 Lenders), from time to time, subject to certain conditions. All amounts drawn under the 2024 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. The Company will pay an underutilization fee equal to 4.0% per annum payable semi-annually for any amounts that remain undrawn under the 2024 Credit Facility. The Company has the right to pre-pay the entire amount outstanding under the 2024 Credit Facility at any time, before the 2024 Credit Facility's maturity of September 22, 2025. The 2024 Credit Facility also contains customary events of default. The 2024 Credit Facility will terminate automatically if the Company or any of its subsidiaries raise at least $50,000,000 in the aggregate (i) through the issuance of any of the Company's or its subsidiaries' debt or equity securities, or (ii) in prepayments under an off-take agreement or similar commercial agreement. During the three and six months ended June 30, 2024, the Company has drawn $3.9 million from the 2024 Credit Facility and incurred $50 thousand as interest expense. During the three and six months ended June 30, 2024, the Company incurred $0.2 million as underutilization fees, which would be payable only in the event the 2024 Credit Facility is not drawn down upon at the time such fees are payable. In the second quarter of 2024, the Company repaid interest amounting to $25 thousand and underutilization fees amounting to $0.1 million to the 2024 Lenders. The borrowing limit of the 2024 Credit Facility was increased to $25 million ($12.5 million from each of the 2024 Lenders) subsequent to June 30, 2024 (Note 17).

Apart from the above-mentioned transactions, the Company had transactions with Allseas which are detailed in Note 6 and issued share-based grants to Company's directors which are detailed in Note 11.

15. Commitments and Contingent Liabilities

Commitments

On June 15, 2024, the Company signed a retainership agreement pursuant to which a non-refundable retainer fee of $0.4 million is 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)

Contingent Liability

On October 28, 2021, a shareholder filed a putative class action against the Company, one of the Company's executives and a 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 the Company's 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, with the Plaintiff seeking to recover compensable damages caused by the alleged wrongdoings. The Company denies any allegations of wrongdoing and filed and served the plaintiff a motion to dismiss on July 12, 2022 and intend to defend against this lawsuit. On July 12, 2023, an oral hearing on the motion to dismiss was held. The parties are currently awaiting a ruling. There is no assurance, however, that the Company or the other defendants will be successful in its 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 the Company 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 the Company or the other defendants, however, could have a material effect on the Company's financial position and results of operations in the period in which the lawsuit is resolved.

On January 23, 2023, certain investors in the 2021 private placement from the Business Combination filed a lawsuit against the Company in the Commercial Division of 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 Company filed a motion to dismiss on March 31, 2023, after which the plaintiffs filed an amended complaint on June 5, 2023. The amended complaint alleges that the Company breached the representations and warranties in the plaintiffs' private placement Subscription Agreements 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 the amended complaint on July 28, 2023. On December 7, 2023, the Court granted the Company's motion to dismiss the claim for breach of the covenant of good faith and fair dealing and denied the Company's motion to dismiss the breach of the Subscription Agreement claim. The Company filed a notice of appeal regarding the Court's denial of its motion to dismiss the breach of the Subscription Agreement claim. There is no assurance that the Company will be successful in its 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. Such losses or range of possible losses cannot be reliably estimated.

16. 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.

17. Subsequent Event

On August 13, 2024, the Company entered into the First Amendment to the 2024 Credit Facility with the 2024 Lenders, Gerard Barron and ERAS Capital LLC, to increase the borrowing limit of the 2024 Credit Facility to $25 million in the aggregate ($12.5 million from each of the 2024 Lenders). Under the terms of the First Amendment, the borrowing limit will return to $20 million in the aggregate ($10 million from each of the 2024 Lenders) upon certain financing events.

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, 2023 contained in our 2023 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 2023 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 and six months ended June 30, 2024 and 2023, 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 1,500 miles 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, as well as for infrastructure and development. 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-cobalt matte, or nickel-copper-cobalt alloy) for electric vehicles ("EV") and renewable energy storage markets, (ii) copper cathode for EV wiring, 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 seafloor 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 ("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 must obtain and maintain sponsorship by a host nation that is a member of the ISA and signatory to UNCLOS, and such nation must maintain 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 square kilometers, 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; two based on ISA exploration contracts 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"), and its arrangement with Marawa Research and Exploration Limited ("Marawa"), a company owned and sponsored by the Republic of Kiribati ("Kiribati").

We have key strategic alliances with (i) Allseas, a leading global offshore contractor, which developed and tested a pilot collection system, and is now working to modify it into the first commercial production system and (ii) Glencore which holds offtake rights to 50% of the NORI nickel and copper production if produced from a DGE-owned or controlled facility. In addition, we have worked with an engineering firm Hatch Ltd. (Hatch) and consultants Kingston Process Metallurgy Inc. (KPM) to develop a near-zero solid waste flowsheet. The primary processing stages of the flowsheet from nodule to Ni-Cu-Co matte intermediate were demonstrated as part of our pilot plant program at FLSmidth and XPS' facilities. The matte refining stages are being tested at SGS Lakefield. The near-zero solid waste flowsheet provides a design that is expected to serve as the basis for our onshore processing facilities. After several months of pre-feasibility work in 2022 on the possibility of building a processing facility in India for Project Zero, we decided to adopt a capital-light approach and focus on sourcing an existing processing facility requiring lower capital expenditures and which we believe may offer a lower risk solution to get Project Zero into production. In November 2022, we entered into a non-binding Memorandum of Understanding ("MoU") with Pacific Metals Co Ltd (PAMCO) of Japan pursuant to which PAMCO completed prefeasibility work assessing the prospect of processing nodules using their existing facilities. In November 2023, we entered into a binding MoU with PAMCO whereby they committed to completing a feasibility study (expected to be completed during the fourth quarter of 2024) to toll treat 1.3 million tonnes of wet polymetallic nodules per year at its Hachinohe, Japan smelting facility expected to start in the second quarter of 2026, provided we obtain an exploitation contract from the ISA as expected. 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 lithium-ion battery cathodes, and a manganese silicate product used to make silico-manganese alloy, a critical input into steel manufacturing. We expect this partnership to progress to a definitive tolling agreement before the end of 2024, subject to successful evaluation study outcomes and agreement to mutually acceptable commercial terms. There can be no assurance that we will enter into such definitive strategic alliance in a particular time period, or at all, or on terms similar to those set forth in the binding MoU, or that if such definitive tolling agreement is entered into by us or that the existing facility will be able to successfully process nodules in a particular time period, or at all.

We are currently focused on preparing our application for a plan of work to the ISA for our first exploitation contract for the NORI contract area, which we expect to be completed and ready for submission prior to the next meeting of the ISA scheduled for March 2025.

We expect to commence production offshore at the end of the first quarter of 2026, assuming an ISA application review and approval process of approximately one year, based on the current timeline in the consolidated draft regulations issued February 2024. See "*Project and Regulatory Updates - ISA Developments*" below for a further discussion of our planned application and recent developments at the ISA.

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 environmental and social 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 alloy or matte product and/or end-products like nickel and cobalt sulfates, and copper cathode.

We are still in the exploration phase and have not yet declared mineral reserves. In addition, we do not have the applicable environmental and other permits required to build and/or operate commercial scale polymetallic nodule processing and refining plants on land.

Developments in the Second Quarter 2024

Below are some of the major developments that occurred in the second quarter of 2024:

Steve Jurvetson Joins TMC's Board of Directors as Vice Chairman and Special Advisor to the CEO

On April 10, 2024, renowned Silicon Valley investor Steve Jurvetson joined our board of directors as Vice Chairman and special advisor to the CEO. Mr. Jurvetson is an investor focused on founder-led, mission-driven companies at the cutting edge of disruptive technology and new industry formation. His investments include pioneering technology companies like Tesla, Planet Labs, SpaceX and Commonwealth Fusion Systems, and represent over $800 billion in aggregate value creation.

U.S. House Allocates Defense Department Funding to Assess the Feasibility of Domestic Nodule Refining Capacity

On May 23, 2024, we welcomed the allocation of $2 million under the House version of the fiscal year 2025 National Defense Authorization Act (NDAA) to the Defense Department's Industrial Base Policy Office to study the feasibility of developing domestic capacity to refine polymetallic nodule-derived intermediates to high-purity nickel, copper and cobalt products. In addition, TMC's U.S. subsidiary has an outstanding application seeking a $9 million grant under the Defense Production Act Title III program for feasibility work on a domestic refinery for nodule-derived intermediate products. Our U.S. subsidiary may pursue larger grants and/or loans through the Department of Energy's Loan Programs Office, Export-Import Bank and other departments to fund construction of a refinery.

World-First Cobalt Sulfate Produced from Deep-Seafloor Polymetallic Nodules

On June 12, 2024, we announced that we successfully produced the world's first cobalt sulfate derived exclusively from seafloor polymetallic nodules. The cobalt sulfate was generated during bench-scale testing of our hydrometallurgical flowsheet design with SGS Canada Inc. Based on samples of nickel-cobalt-copper matte first produced by us in 2021, SGS tested our efficient flowsheet to process high-grade nickel-copper-cobalt matte directly to high-purity cobalt sulfate without making cobalt metal, while producing fertilizer byproducts instead of solid waste or tailings. The milestone followed the news in May of our successful production of nickel sulfate, a key raw material input used in the production of energy-dense electric vehicle batteries.

Prominent Sustainability Strategist Brendan May Joins TMC's Board of Directors

On June 3, 2024, we announced the appointment of Brendan May to our Board of Directors. As a former Chief Executive of the Marine Stewardship Council (MSC) and European Chairman of the Rainforest Alliance, Mr. May has spent over two decades at the forefront of sustainability challenges in globally significant ecosystems. In 2010, he formed renowned global sustainability consultancy, Robertsbridge, whose counsel has been sought by leading companies and NGOs around the world.

Developments Subsequent to June 30, 2024

Third Annual Impact Report Published

On July 29, 2024, we published our third annual Impact Report to provide an update on key milestones achieved in our assessment of the environmental impacts of nodule collection including, what we believe, is the successful collection of sufficient quantities of environmental baseline and impact data to develop an Environmental Impact Statement and Environmental Mitigation and Management Plan (EMMP) for the world's first deep-seafloor nodule collection project.

Project and Regulatory Updates

NORI Area D Project Developments

Data processing from the successful Campaign 8 has been completed, and data packages have been distributed to all relevant subcontractors to advance environmental and technical scopes.

On April 6, 2024, 2,000 wet tonnes of polymetallic nodules, collected during the successful 2022 pilot nodule collection system test, were delivered to PAMCO, at their facility in Hachinohe, Japan. This delivery facilitated the commencement of calcining trials at the PAMCO facility in mid-May, marking a significant milestone in supporting the metallurgical program.

Progress continues on the Environmental Impact Statement (EIS), Pre-Feasibility Study (PFS), and Plan of Work application documentation. Key activities during the second quarter 2024 included the development of tender documents by Allseas for long lead items and our EIS team conducted an environmental synthesis workshop with all EIS contributors.

ISA Developments

As we previously disclosed, the ISA did not provisionally adopt and approve the final rules, regulations and procedures ("RRPs" or the "Mining Code") for the exploitation of seafloor resources by the July 9, 2023 deadline. At its July 2024 session, the ISA agreed to continue the negotiations of the Mining Code with a continued view to its adoption during the 30th session of the ISA in 2025. The ISA Council has scheduled two ISA Council meetings in March and July 2025 to progress the Mining Code and has agreed to continue working inter-sessionally to advance the text. In addition, on August 2, 2024, the ISA Assembly elected Leticia Carvalho of Brazil as the new Secretary-General of the ISA for the period 2025-2028.

Consistent with Nauru's rights, as the sponsoring state of NORI, under UNCLOS and the 1994 agreement relating to the implementation of Part XI of UNCLOS, NORI reserves its right to submit a plan of work for exploitation, in the absence of the adoption of the final Mining Code pursuant to Section 1, Paragraph 15(c) of the Annex to the 1994 agreement relating to the implementation of Part XI of UNCLOS, the possibility of which was recognized in ISA Council decisions ISBA/28/C/24 and ISBA/28/C/25. There can be no assurances, however, that the ISA will provisionally approve our plan of work or that such provisional approval would lead to the issuance of an exploitation contract by the ISA.

Assuming submission of an application for a plan of work for exploitation prior to the next meeting of the ISA scheduled for March 2025, assuming the ISA's timely review and approval thereof, based on the current timeline in the consolidated draft regulations issued February 2024, we expect our first production offshore from NORI Area D to be at the end of the first quarter of 2026. There can be no assurances, however, that (i) the Mining Code will be adopted within these timelines, or at all, or (ii) the ISA will provisionally approve our plan of work or that such provisional approval would lead to the issuance of an exploitation contract by the ISA before the final Mining Code is adopted, or at all.

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 the 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. NORI our wholly-owned subsidiary, holds exploration rights to four blocks (NORI Area A, B, C, and D, the "NORI Contract Area") covering 74,830 square kilometers in the CCZ that were granted by the ISA in July 2011. NORI is sponsored by Nauru pursuant to a certificate of sponsorship signed by the Government of Nauru on April 11, 2011. The D block of the NORI area ("NORI Area D") is the seafloor parcel where we have performed the most resource definition and environmental work to date. NORI commissioned AMC Consulting Ltd, a leading mining consulting firm (AMC), to undertake a preliminary economic assessment ("PEA") of the mineral resource contained in NORI Area D and to compile a technical report compliant with Canadian National Instrument (NI 43-101), which was completed in March 2021. AMC subsequently compiled the NORI Technical Report Summary, dated March 2021, which included an initial assessment and an economic analysis of NORI Area D prepared in accordance with the SEC's Modernization of Property Disclosures for Mining Registrants set forth in subpart 1300 of Regulation S-K (the "SEC Mining Rules"). The NORI Technical Report Summary is filed as Exhibit 96.1 in our 2023 Annual Report on Form 10-K.

TOML. TOML our wholly-owned subsidiary which we acquired in March 2020, holds exploration rights to an area covering 74,713 square kilometers in the CCZ that were granted by the ISA in January 2012 (the "TOML Contract 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. TOML commissioned a Technical Report Summary by AMC, dated March 2021, which is filed as Exhibit 96.2 in our 2023 Annual Report on Form 10-K.

Marawa. DGE, our wholly-owned subsidiary, entered into agreements with Marawa and Kiribati which provide DGE with exclusive exploration rights to an area covering 74,990 square kilometers in the CCZ (the "Marawa Contract Area"). The exploration contract between Marawa and the ISA (the "Marawa Exploration Contract") was signed on January 19, 2015. To date, limited offshore marine resource definition activities in the Marawa Contract Area have occurred. We are collaborating 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 2023 Annual Report on Form 10-K, as further updated and/or supplemented in subsequent filings with the SEC.

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 results are reported under Generally Accepted Accounting Principles in the United States ("U.S. GAAP") and in U.S. dollars.

Components of Results of Operations

We are an exploration-stage company with no revenue to date and a net loss of $20.2 million and $45.4 million for the three and six months ended June 30, 2024, respectively, compared to a net loss of $14.1 million and $27.9 million in the same periods of 2023, respectively. We have an accumulated deficit of approximately $594.3 million from inception through June 30, 2024.

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 2026 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

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

Foreign Exchange Gain/Loss

The foreign exchange gain 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 our 9,500,000 Private Warrants, which is re-measured at the end of each reporting period.

Results of Operations

The following is a discussion of our results of operations for the three and six months ended June 30, 2024 and 2023. Our accounting policies are described in Note 3 "Significant Accounting Policies" in our financial statements filed as part of the 2023 Annual Report on Form 10-K.

Additionally, the unaudited condensed consolidated interim financial statement for the six months ended June 30, 2023 have been revised to correct prior period errors as discussed in Note 22 "Quarterly Financial Data (Unaudited) Restatement of Previously Issued Financial Statements" to the consolidated financial statement included in Part II, Item 8 of our 2023 Annual Report on Form 10-K. Accordingly, the Management's Discussion and Analysis of Financial Condition and Results of Operations reflects the effects of the revisions.

Comparison of the Three and Six Months Ended June 30, 2024 and 2023

(Dollar amounts in thousands, except as noted)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Exploration and evaluation expenses	$ 12,403	$ 8,098	53%	$ 30,526	$ 15,267	(100)%
General and administrative expenses	7,892	5,131	54%	14,451	11,345	27%
Equity-accounted investment loss	61	137	(55)%	139	356	(61)%
Change in fair value of warrants liability	(580)	787	(174)%	(49)	1,331	(104)%
Foreign exchange loss (gain)	(84)	23	(465)%	(350)	52	(773)%
Interest income	(16)	(319)	(95)%	(118)	(773)	(85)%
Fees and interest on borrowings and credit facilities	492	250	(97)%	763	277	(175)%
Net Loss for the period	$ 20,168	$ 14,107	43%	$ 45,362	$ 27,855	63%

Three Months ended June 30, 2024 compared to Three Months ended June 30, 2023

We reported a net loss of approximately $20.2 million in the second quarter of 2024, compared to a net loss of $14.1 million in the same period of 2023. The following explains the major reasons for the increase in the net loss in the second quarter of 2024.

Exploration and Evaluation Expenses

Exploration and evaluation expenses for the three months ended June 30, 2024 were $12.4 million, compared to $8.1 million for the same period in 2023. The increase of $4.3 million was primarily due to an increase in mining, technological and process development of $1.8 million resulting from increased engineering work by Allseas, increase in share-based compensation of $1.7 million due to amortization of the fair value of RSUs and options granted to the directors and officers in the second quarter of 2024 and higher personnel costs of $1 million. This was partially offset by a decrease in environmental studies as the costs to complete Campaign 8b in the second quarter of 2024 was lower than the cost of the environmental work spent in the second quarter of 2023 to complete the NORI pilot nodule collection system test.

General and Administrative Expenses

G&A expenses for the three months ended June 30, 2024 were $7.9 million compared to $5.1 million for the same period in 2023. The increase of $2.8 million in G&A expenses was mainly due to an increase in share-based compensation of $1.7 million due to amortization of the fair value of RSUs and options granted to the directors and officers in the second quarter of 2024, higher personnel costs and an increase in legal and consulting costs.

Change in Fair Value of Warrants Liability

The change in fair value of warrants liability consists of the change in the fair value of the 9,500,000 Private Warrants, which is based on the change in the price of our warrants and the price of the Company's shares.

Six Months ended June 30, 2024 compared to Six Months ended June 30, 2023

We reported a net loss of $45.4 million in the first half of 2024, compared to a net loss of $27.9 million in the same period of 2023. The following explains the major reasons for the increase in the net loss in the first half of 2024.

Exploration and Evaluation Expenses

Exploration and evaluation expenses for the six months ended June 30, 2024 were $30.5 million, compared to $15.3 million for the same period in 2023. The increase of $15.2 million was primarily due to an increase in mining, technological and process development of $12.2 million resulting from increased engineering work by Allseas, as well as expenses incurred on the transportation of nodules to PAMCO's facility in Japan, higher personnel costs of $2.2 million and an increase in share-based compensation of $1.7 million due to amortization of the fair value of RSUs and options granted to the directors and officers in the second quarter of 2024. This was partially offset by a decrease in environmental studies as the cost for Campaign 8 which commenced in the fourth quarter of 2023 was completed in the first quarter of 2024 and was lower than the cost of the environmental work in the first half of 2023 following the completion of the NORI pilot nodule collection system test.

General and Administrative Expenses

G&A expenses for the six months ended June 30, 2024 were $14.5 million, compared to $11.3 million for the same period in 2023. The increase of $3.2 million in G&A expenses in the first half of 2024 was mainly the result of an increase in share-based compensation of $2.2 million due to amortization of the fair value of RSUs and options granted to the directors and officers in the second quarter of 2024, higher personnel cost of $1.3 million and higher cost incurred on business development, communication, and advisory activities. This increase was partially offset by decreased legal and insurance costs incurred in the first half of 2024 compared to the same period in 2023.

Change in Fair Value of Warrants Liability

The change in fair value of warrants liability consists of the change in the fair value of the 9,500,000 Private Warrants, which is based on the change in the price of our warrants and the price of the Company's shares and resulted in a small credit in the first half of 2024 and a charge of $1.3 million in the first half of 2023, primarily due to an increase of 150% in the price of our Public Warrants over this period.

Liquidity and Capital Resources

Our primary sources of financing have come from private placements and public offerings of Common Shares and warrants, the issuance of convertible debentures and from credit facilities. As of June 30, 2024, we had cash on hand of $0.5 million.

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 contract area, 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 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 or provisional approvals. 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 credit facility with a company related to Allseas, as we expect the credit facility will be amended, and credit facility with ERAS Capital LLC and Gerard Barron, 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 however need and are seeking additional financing to fund our continued operations over time. 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 and/or asset-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, which includes the $30 million that may be sold under the At-the-Market Equity Distribution Agreement discussed below and the Common Shares and shares underlying the Class A Warrants issued in the Registered Direct Offering. In addition, on November 30, 2023, we filed an additional registration statement on Form S-3 with the SEC, which the SEC declared effective on December 8, 2023, to sell up to an additional $100 million of securities. Securities that may be sold under the registration statements 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 (the "Sales Agreement") with Stifel, Nicolaus & Company, Incorporated ("Stifel") 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. On December 21, 2023, we amended the Sales Agreement to remove Stifel as a sales agent. 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. In the second quarter of 2024, we sold 1,634,588 Common Shares pursuant to the Sales Agreement for net proceeds of $2.6 million, net of fees and commissions.

On March 22, 2023, we entered into a Credit Facility with Argentum Cedit Virtuti GCV, the parent of Allseas Investments S.A. and an affiliate of Allseas, which was amended on July 31, 2023 and March 22, 2024, 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 August 31, 2025. The Credit Facility also contains customary events of default. We believe we have an agreement in principle with the Lender to amend the Credit Facility to increase the borrowing limit of the Credit Facility from $25 million to $27.5 million until certain financing events when the borrowing limit returns to its original amount. We, however, are awaiting the final amendment from the Lender and believe the amendment to the Credit Facility will be executed in the next few days when the authorized signatory is available to sign the amendment. As of the date of this Quarterly Report on Form 10-Q, no amounts have been drawn under this Credit Facility.

On August 14, 2023, we entered into a securities purchase agreement for a Registered Direct Offering of our Common Shares and Class A Warrants, the final closing of which occurred on January 31, 2024. The purchase price for each Common Share and Class A Warrant to purchase 0.5 Common Shares was $2.00 per unit. The exercise price to purchase one Common Share under the Class A Warrants is $3.00, subject to adjustment as provided in the warrant agreement. The aggregate gross proceeds from the Registered Direct Offering were approximately $24.9 million, before deducting fees payable to financial advisors and other estimated offering expenses payable by the Company ($23.6 million net of fees).

On March 22, 2024, we entered into an Unsecured Credit Facility (the "2024 Credit Facility") with Gerard Barron, our Chief Executive Officer and Chairman, and ERAS Capital LLC, the family fund of our director, Andrei Karkar (collectively, the "2024 Lenders"), pursuant to which, we may borrow from the 2024 Lenders up to $25,000,000 in the aggregate ($12,500,000 from each of the 2024 Lenders), from time to time (was initially $20,000,000 in the aggregate ($10,000,000 from each of the 2024 Lenders), subject to certain conditions. All amounts drawn under the 2024 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 2024 Credit Facility. We have the right to pre-pay the entire amount outstanding under the 2024 Credit Facility at any time, before the 2024 Credit Facility's maturity of September 22, 2025. The 2024 Credit Facility also contains customary events of default. The 2024 Credit Facility will terminate automatically if we or any of our subsidiaries raise at least $50,000,000 in the aggregate (i) through the issuance of any of our or our subsidiaries' debt or equity securities, or (ii) in prepayments under an off-take agreement or similar commercial agreement. On August 13, 2024, we entered into an amendment to the 2024 Credit Facility to increase the borrowing limit to $25 million in the aggregate ($12.5 million from each of the 2024 Lenders). Under the terms of the amendment, the borrowing limit will return to the initial $20 million in the aggregate ($10 million from each of the 2024 Lenders) upon certain financing events. As of the date of this Quarterly Report on Form 10-Q, there was $4.2 million drawn under the 2024 Credit Facility, including a draw of $0.3 million subsequent to June 30, 2024.

On May 27, 2024, the Company entered into a short-term loan agreement with the Lender (Argentum Cedit Virtuti GCV), an affiliate of Allseas. In accordance with the agreement, the Lender provided a short-term loan amounting to $2 million (the "Loan") on May 30, 2024. The Loan takes priority over the 2024 Credit Facility. The Loan and accrued interest are payable to the Lender on or before the earlier of (i) our next financing and (ii) September 10, 2024 (maturity date). The Loan will accrue interest at a rate of 8% per annum. As of the date of this Quarterly Report on Form 10-Q, the Loan remains outstanding.

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. In addition, the exercise price to purchase one Common Share under the outstanding Class A Warrants is $3.00 (subject to customary adjustments) and there can be no assurance that such warrants will be exercised prior to their expiration, and as such, such warrants may expire, and we will not receive any proceeds from the excise thereof.

Cash Flows Summary

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

(thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net cash used in operating activities	$ (12,089)	$ (8,399)	$ (23,941)	$ (31,883)
Net cash used in investing activities	$ (75)	$ (75)	$ (415)	$ (75)
Net cash provided by financing activities	$ 8,639	$ 79	$ 17,687	$ 5,079
Decrease in cash	$ (3,525)	$ (8,395)	$ (6,669)	$ (26,879)

Six Months ended June 30, 2024 compared to Six Months ended June 30, 2023

Cash flows used in Operating Activities

For the six months ended June 30, 2024, major operating activities over this period involved Campaign 8, as well as advanced work on engineering and pre-feasibility studies as we advance towards our application to the ISA for an exploitation contract and prepare for potential future commercial production. Net cash used in operating activities in the first half of 2024, amounted to $23.9 million, and consisted mainly of $12.1 million on various environmental work, $3.6 million on personnel costs, $2.8 million on legal, advisory and consulting, $1.5 million for sponsorship, training and stakeholder engagement support, $1.8 million spent on engineering and pre-feasibility studies, $1.1 million on communication and business development expenses, and additional payments of $1 million for various expenses.

For the six months ended June 30, 2023, operating activities focused mainly on the continuation of environmental work following the completion of the NORI integrated collector test, as well as progressing on engineering work and pre-feasibility studies on the project. Net cash used in operating activities in the first half of 2023, amounted to $31.9 million, and consisted mainly of $17.2 million on various environmental work, $4.8 million on personnel costs, $3.3 million on legal costs, $1.8 million for sponsorship, training, and stakeholder engagement support, $2.2 million spent on engineering and pre-feasibility studies, $1 million on communication and business development expenses and additional payments of $1.6 million for various expenses.

Cash flows used in Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2024 was $0.4 million for the purchase of equipment and software development.

Cash flows provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2024 was $17.7 million, which comprised of net proceeds received from the Registered Direct Offering announced in August 2023 of $9 million, proceeds from short term debt and credit facilities of $5.9 million, proceeds from shares issued from ATM of $2.5 million and proceeds from exercise of stock options and employee stock plans of $0.3 million while the 2023 first half results represent the cash received of $5 million on closing of our investment in Low Carbon Royalties.

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 this five-year plan. The cost of NORI's estimated work plan for 2024 onwards is contingent on the ISA's approval of the NORI contract area exploitation application. Should the approval of NORI's exploitation application for the NORI contract area 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.

Marawa Option Agreement and Services Agreement

As part of DGE's Marawa's Exploration Contract, Marawa last submitted periodic review report to the ISA included a proposed work plan and estimated budget for the 2020-2024 five-year period. The five-year estimated expenditure is indicative and subject to change, Marawa will review the program regularly and Marawa will inform the ISA of any changes through its annual reports. To date, limited offshore marine resource definition activities in the Marawa Contract Area have occurred. We are collaborating 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.

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.

Regulatory Obligations Relating to Exploration Contracts

Both 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, assuming our future operations are ultimately profitable.

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. 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, assuming our future operations are ultimately profitable.

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 an expanded targeted production capacity of up to an estimated 3.0 million tonnes of wet nodules per year, to be delivered in stepped increments, with expected production readiness in the first quarter of 2026. NORI and Allseas intend to equally finance all costs related to developing and getting the first commercial system into production. Once in production, NORI is expected to pay Allseas a nodule collection and transshipment fee and, as Allseas scales up production to up to an estimated 3.0 million wet tonnes of nodules per year, it is expected that unit costs will be reduced. 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 Offshore Nodule Collection System production targets, system design and cost estimates and intend to enter into a binding Heads of Terms by the end of 2024. The parties expect to further detail their relationship in a single definitive agreement using Work Planning and Budgeting procedure to allow for flexibility as the Allseas and NORI project team complete system engineering, upgrades and start commercial production. 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 an additional production rate of three million tonnes of wet nodules per year. There can be no assurances, however, that we will enter into a definitive agreement 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 a definitive agreement is 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 June 30, 2024, 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. On August 9, 2023, 11,578,620 common shares were issued to Allseas upon the exercise of the warrant that was granted to Allseas in March 2021, and receipt of the exercise fee of $115.8 thousand. The warrant vested and became exercisable on successful completion of the PMTS in November 2022.

On November 11, 2022, our 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.

On August 1, 2023, we entered into an Exclusive Vessel Use Agreement with Allseas pursuant to which Allseas will give us exclusive use of the vessel ("*Hidden Gem*") in support of the development of the Project Zero Offshore Nodule Collection System until the system is completed or December 31, 2026, whichever is earlier. In consideration of the exclusivity term, on August 14, 2023, we issued 4.15 million Common Shares to Allseas.

Offtake Agreement

On May 25, 2012, DGE and 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.

Borrowing with Company Related to Allseas

2023 Credit Facility

As described above, on March 22, 2023, the Company entered into the 2023 Credit Facility with Argentum Cedit Virtuti GCV, an affiliate of Allseas, under which we may borrow up to $25.0 million pursuant to the terms and conditions of the Credit Facility, as amended, which has a maturity date of August 31, 2025. The Company believes it has an agreement in principle with the Lender to amend the Credit Facility to increase the borrowing limit of the Credit Facility from $25 million to $27.5 million until certain financing events when the borrowing limit returns to its original amount. The Credit Facility remained undrawn as at June 30, 2024.

2024 Short-Term Loan

On May 27, 2024, the Company entered into a short-term loan agreement with Argentum Cedit Virtuti GCV whereby the Company borrowed $2 million (the "Loan") on May 30, 2024. The Loan takes priority over the 2024 Credit Facility discussed below. The Loan and accrued interest are payable to the Lender on or before the earlier of (i) our next financing and (ii) September 10, 2024 (maturity date). The Loan accrues interest at a rate of 8% per annum.

Credit Facility with ERAS Capital LLC and Gerard Barron

On March 22, 2024, the Company entered into an Unsecured Credit Facility (as amended, the "2024 Credit Facility") with Gerard Barron, our Chief Executive Officer and Chairman, and ERAS Capital LLC, the family fund of our director, Andrei Karkar (collectively, the "2024 Lenders"), pursuant to which, we may borrow from the 2024 Lenders up to $25,000,000 in the aggregate ($12,500,000 from each of the 2024 Lenders), from time to time, subject to certain conditions. All amounts drawn under the 2024 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 2024 Credit Facility. We have the right to pre-pay the entire amount outstanding under the 2024 Credit Facility at any time, before the 2024 Credit Facility's maturity of September 22, 2025. The 2024 Credit Facility also contains customary events of default. The 2024 Credit Facility will terminate automatically if we or any of our subsidiaries raise at least USD $50,000,000 in the aggregate (i) through the issuance of any

of our or our subsidiaries' debt or equity securities, or (ii) in prepayments under an off-take agreement or similar commercial agreement. In the second quarter 2024, the Company drew $3.9 million from the 2024 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 condensed consolidated interim financial statements have been prepared in accordance with U.S. GAAP. In the preparation of these financial statements, we are required to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported 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 3 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 2023 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 2024 fiscal year and we expect to continue to take advantage of the benefits of the extended transition period at least through the end of the 2024 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 June 30, 2024.

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.

Other Risks

We are exposed to a variety of markets and other risks including the effects of inflation and foreign currency translation, commodity pricing risks 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.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief 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 not effective as of June 30, 2024, as a result of a material weakness in our internal control over financial reporting as described below.

Material Weaknesses in Internal Control over Financial Reporting

As previously disclosed in our 2023 Annual Report on Form 10-K, management identified a material weakness in the operating effectiveness of our internal controls over the accounting for significant non-routine transactions that resulted from the inadequate and untimely involvement of stakeholders and technical advisors with an appropriate level of expertise to account for a non-routine, unusual and complex transaction. 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.

This material weakness resulted in errors in the financial statements and related disclosures in our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2023, and for the six months ended June 30, 2023 and nine months ended September 30, 2023. See Note 22 to the audited consolidated financial statements for the year ended December 31, 2023, included in our 2023 Annual Report on form 10-K for more information about these errors and our revisions to these previously issued financial statements in our financial statements as of and for the year ended December 31, 2023, as included in the 2023 Annual report on Form 10-K.

In order to remediate this material weakness, we are in the process of developing and rolling out training on processes and controls related to complex, non-routine transactions and evaluating the circumstances under which we use technical advisors in connection with evaluating complex, non-routine transactions. We are also considering engaging the assistance of additional third-party resources as deemed appropriate to assist management in its remediation efforts.

Our internal controls over significant non-routine transactions need to be in operation and tested for sufficient instances to be considered effective. Consequently, the controls for non-routine transactions remain ineffective as of June 30, 2024.

Notwithstanding our material weakness, we have concluded that our unaudited condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Changes in Internal Control over Financial Reporting

Except as noted above, there were no changes in our internal control over financial reporting identified in connection with the evaluation of such internal controls that occurred during the second quarter ended June 30, 2024 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 PIPE 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. That motion is pending. 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 a 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, with the Plaintiff seeking to recover compensable damages caused by the alleged wrongdoings. We deny any allegations of wrongdoing and filed and served the plaintiff a motion to dismiss on July 12, 2022 and intend to defend against this lawsuit. On July 12, 2023, an oral hearing on the motion to dismiss was held. The parties are currently 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 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 Sustainable Opportunities Acquisition Corp. ("SOAC"). On May 24, 2024, we were notified by the SEC that it had concluded the investigation and that the SEC does not intend to recommend an enforcement action against the Company or its directors and officers.

On January 23, 2023, investors in the 2021 private placement from the Business Combination filed a lawsuit against us in the Commercial Division of 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.). We filed a motion to dismiss on March 31, 2023, after which the plaintiffs filed an amended complaint on June 5, 2023. The amended complaint alleges that we breached the representations and warranties in the plaintiffs' private placement Subscription Agreements 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 the amended complaint on July 28, 2023. On December 7, 2023, the Court granted our motion to dismiss the claim for breach of the covenant of good faith and fair dealing and denied our motion to dismiss the breach of the Subscription Agreement claim. We filed a notice of appeal regarding the Court's denial of our motion to dismiss the breach of the Subscription Agreement claim. There is no assurance 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. 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 2023 Annual Report on Form 10-K. There have been no material changes from or additions to the risk factors disclosed in our 2023 Annual Report on Form 10-K other than the revised risk factors set forth below. We may disclose changes to risk factors or additional factors from time to time in our future filings with the SEC.

Our business is subject to numerous regulatory uncertainties which, if not resolved in our favor, would have a material adverse impact on our business.

On March 4, 2023 the United Nations finalized the UN High Seas Treaty. The treaty does not replace or amend UNCLOS, or the authority of the ISA, and must be interpreted consistently with the rights granted by the Convention.

To date, no commercial collection (also referred to as "mining," "exploitation" or "harvesting") of nodules has occurred on the seafloor in the area of the high seas beyond the limits of national jurisdiction (the "Area"), which includes the CCZ. Moreover, despite the release by the ISA of the Draft Regulations on Exploitation of Mineral Resources (the "Draft Regulations"), finalization of such regulations remains subject to approval and adoption by the ISA. Once adopted, these regulations will add to the legal and technical framework for exploitation of the polymetallic nodules in the NORI, TOML and Marawa contract areas.

Section 1, paragraph 15 of the 1994 Agreement relating to the Implementation of Part XI of UNCLOS allows a member state whose national intends to apply for approval of a plan of work for exploitation to notify the ISA of such intention. This notice obliges the ISA to complete the adoption of exploitation regulations within two years of the request made by the member state.

On June 25, 2021, Nauru submitted such a notice, with an effective date of July 9, 2021, to the ISA requesting that it complete the adoption of rules, regulations and procedures ("RRPs" or the "Mining Code") necessary to facilitate the approval of plans of work for exploitation in the Area. As a result of that notice, the ISA was required to adopt the relevant RRPs for exploitation by July 9, 2023. The ISA, however, did not adopt the RRPs for exploitation by the July 9, 2023 deadline. At its July 2023 session, the ISA released a road map for the finalization of the Mining Code, with a view to its adoption during the 30th session of the ISA in 2025. The road map included three scheduled ISA Council meetings through July 2024 to elaborate the Mining Code. The Mining Code was not completed at the July 2024 ISA Council meetings and during these meetings, the ISA agreed to continue the negotiations of the Mining Code with a continued view to its adoption during the 30th session of the ISA in 2025. The ISA Council has scheduled two ISA Council meetings in March and July 2025 to progress the Mining Code and has agreed to continue working inter-sessionally to advance the text Although we believe the ISA will adopt the Mining Code, there can be no assurances that the Mining Code will be adopted within this timeline, or at all, as a result of actions of ISA member States or otherwise. For example, at least 30 ISA member States out of the 169 ISA members have expressed reservations about the commercialization of seafloor mineral resources and have called for a ban, moratorium, or precautionary pause on the commercialization of these resources. In addition, although the Draft Regulations and several supporting standards and guidelines are at an advanced stage, there remains uncertainty regarding the final form that these will take, as well as the impact that such regulations, standards and guidelines will have on our ability to meet our objectives.

As the ISA Council did not complete the adoption and elaboration of the Mining Code by the prescribed deadline of July 9, 2023, pursuant to Section 1, Paragraph 15(c) of the Annex to the 1994 Agreement relating to the implementation of Part XI of UNCLOS, if an application for a plan of work for exploitation is now submitted to the ISA, the ISA is nonetheless required to consider and provisionally approve such a plan of work based on: (i) the provisions of the UNCLOS; (ii) any rules, regulations and procedures that the ISA may have adopted provisionally, (iii) the basis of the norms contained in the UNCLOS and (iv) the terms and principles contained in the 1994 Agreement relating to the Implementation of Part XI, including the principle of non-discrimination among contractors.

NORI intends to submit an application to the ISA for an exploitation contract, which will include a plan of work for exploitation for the NORI contract area and is expected to be completed and ready for filing prior to the next meeting of the ISA scheduled for March 2025. If the ISA has not adopted the final Mining Code by the time NORI submits this application, we believe that the ISA will review and provisionally approve the plan of work for exploitation included therein pursuant to Section 1, Paragraph 15(c) of the Annex to the 1994 Agreement relating to the implementation of Part XI of UNCLOS discussed above. The ISA released its road map to finalize the Mining Code at its July 2023 session and at its July 2024 session agreed to continue the negotiations of the Mining Code with a continued view to its adoption during the 30th session of the ISA in 2025, however, it has also stated that the commercial exploitation of mineral resources in the ISA's jurisdictional area should not be carried out in the absence of RRPs relating to exploitation. In addition, there can be no assurances that the ISA will come to a consensus as to the interpretation of Section 1, Paragraph 15(c) of the Annex to the 1994 Agreement relating to the implementation of Part XI of UNCLOS. Although we believe the ISA will accept and consider an application for a plan of work for exploitation in the absence of the final Mining Code, there is no consensus within the ISA as to the process to be followed for its consideration of such an application, including the involvement of the ISA's Legal and Technical Commission (LTC) and whether and how long the ISA could delay its consideration of an application past the proscribed 60-day period. As a result, and in light of some ISA Member States calling for a ban, moratorium or precautionary pause on the commercialization of seafloor mineral resources, there can be no assurance that the ISA will provisionally approve our plan of work for exploitation, within one year from submission thereof, or at all, or that such provisional approval would lead to the issuance of an exploitation contract with the ISA. On August 2, 2024, the ISA Assembly elected Leticia Carvalho of Brazil as the new Secretary-General of the ISA for the period 2025-2028. There can be no assurances that the ISA's stated target for adoption of the Mining Code of 2025 will be met or that any application for an exploitation contract will be approved before the final Mining Code is adopted.

The collection of polymetallic nodules within the CCZ, where our exploration areas are located, will require approval of an ISA Exploitation Contract (which will authorize commercial collection activities). As part of the application for an ISA Exploitation Contract, all contractors are required to complete baseline studies and an Environment and Social Impact Assessment (ESIA), culminating in an EIS, prior to collecting nodules at a commercial scale. The EIS would be accompanied by an EMMP which is expected to specify the objectives and purpose of all monitoring requirements, the components to be monitored, frequency of monitoring, methods of monitoring, analysis required in each monitoring component, monitoring data management and reporting.

In order to move our exploration projects into commercial production, our wholly-owned subsidiaries, NORI and TOML will each need to conclude an exploitation contract with the ISA, as will our partner, Marawa, in addition to obtaining related permits that may be required by our commercial partners. There can be no assurance that the ISA will approve our application for a plan of work for exploitation and issue an exploitation contract to our subsidiaries in a timely manner or at all. Even if the ISA timely evaluates such applications(s), our subsidiaries may be required to submit a supplementary EIS or perform additional studies or campaigns before obtaining approval. As such, there is a risk that an exploitation contract may not be granted by the ISA, may not be granted on a timely basis, thereby delaying our potential timeline for commercial exploitation, or may be granted on uneconomic terms.

Similarly, with respect to sponsoring State regulation, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that would limit or curtail production or development by our subsidiaries. Amendments to current laws and regulations governing the operations and activities of deep-sea mineral resources companies, or changes in interpretation thereto, or the unwillingness of countries throughout the world to enforce such laws and regulations, could have a material adverse impact on our business, and could cause increases in exploration expenses, capital expenditures, production costs, or put the security of our equipment at risk to activism or piracy. Such amendments could also cause reductions in our future production, or the delay or abandonment in the development of our polymetallic mineral resource properties. There can be no certainty that actions by governmental and regulatory authorities, including changes in regulation, taxation and other fiscal regimes, will not adversely impact our projects or our business. Further, our operations depend on the continuation of the sponsorship agreements between our subsidiaries NORI and TOML and each of their host Sponsoring States, Tonga and Nauru, respectively. Each subsidiary has been registered and incorporated within such host nation and each host nation has maintained effective control, supervision, regulation, and sponsorship over the conduct of such subsidiary. While we have beneficial ownership over such subsidiaries, each subsidiary operates under the regulation and sponsorship of Nauru and Tonga. If such arrangement is challenged, or sponsorship is terminated, we may have to restructure the ownership or operations of such subsidiary to ensure continued State sponsorship. Failure to maintain sponsorship, or secure new state sponsorship, will have a material impact on such subsidiary and on our overall business and operations.

While the rates of payments are yet to be set by the ISA, the 1994 Agreement relating to the Implementation of Part XI of the UNCLOS prescribes a relevant framework that the rates of payments "shall be within the range of those prevailing in respect of land-based mining of the same or similar minerals in order to avoid giving deep seabed miners an artificial competitive advantage or imposing on them a competitive disadvantage." The ISA has held workshops with stakeholders to discuss and seek comments on the potential financial regime for the collecting of polymetallic nodules in the CCZ. There can be no assurance that the ISA will put in place a Mining Code in a timely manner or at all. Such regulations may also impose burdensome obligations or restrictions on us, and/or may contain terms that do not enable us to develop our projects.

There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq.

On September 10, 2021, our Common Shares and Public Warrants began trading on Nasdaq under the symbols "TMC" and "TMCWW," respectively. If in the future Nasdaq delists our Common Shares from trading on its exchange for failure to meet the listing standards, we and our securityholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Common Shares are "penny stock" which will require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The closing bid price of our Common Shares has been below the Nasdaq's minimum $1.00 per share for extended periods of time in 2022 and into 2023. As a result, we received written notices from the Nasdaq in 2022 and 2023 notifying us that the closing bid price of the Common Shares over 30 consecutive trading days had fallen below the minimum $1.00 per share. Although we regained compliance with the Nasdaq's minimum closing bid price, we may not be able to continue to meet this Nasdaq listing requirement. On August 12, 2024, the closing bid price of our Common Shares dropped below $1.00 per share to $0.965 per share. If the closing bid price of our Common Shares continues to be below $1.00 per share for a consecutive 30 trading days from August 12, 2024 or if the closing bid price of our Common Shares otherwise drops below $1.00 per share for a another consecutive 30 trading days, we expect to receive another notification from the Nasdaq to that effect. If this were to happen, in accordance with Nasdaq Listing Rule 5810(c)(3)(A), we expect to have 180 calendar days from the notice date to regain compliance. To regain compliance, the closing bid price of our Common Shares must be at least $1.00 per share for a minimum of 10 consecutive trading days. If we do not regain compliance in this 180-day period and we are not otherwise able to transfer our listing to another Nasdaq market and regain compliance with the $1.00 minimum closing bid price, the Nasdaq could delist our Common Shares and Public Warrants.

In the event that our Common Shares and Public Warrants are delisted from Nasdaq and are not eligible for quotation or listing on another market or exchange, trading of our Common Shares and warrants could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our Common Shares and Public Warrants, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our Common Shares and Public Warrants to decline further.

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

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the three months ended June 30, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

10b5-1 Trading Arrangements

During the three months ended June 30, 2024, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

Amendments to Credit Facilities

On August 13, 2024, we entered into the First Amendment to the 2024 Credit Facility with the 2024 Lenders, Gerard Barron and ERAS Capital LLC, to increase the borrowing limit of the 2024 Credit Facility to $25 million in the aggregate ($12.5 million from each of the 2024 Lenders). Under the terms of the First Amendment, the borrowing limit will return to $20 million in the aggregate ($10 million from each of the 2024 Lenders) upon certain financing events. The foregoing description of the First Amendment does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the full text of the First Amendment attached as Exhibit 10.5 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

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†	Employment Agreement, dated April 16, 2024, by and between TMC the metals company Inc. and Gerard Barron		Form 8-K (Exhibit 10.1)	04/18/2024	001-39281
10.2	Consulting Agreement, dated April 9, 2024, by and between TMC the metals company Inc. and Steve Jurvetson		Form 8-K (Exhibit 10.1)	04/11/2024	001-39281
10.3+	TMC the metals company Inc. 2021 Incentive Equity Plan, as amended	X			
10.4+	Loan Agreement, dated May 27, 2024, by and between TMC the metals company Inc. and Argentum Cedit Virtuti GCV	X			
10.5†	First Amendment to the Unsecured Credit Facility, dated August 13, 2024, by and between TMC the metals company Inc. and Gerard Barron and ERAS Capital LLC	X			
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			
104	Cover Page Interactive Data File (embedded within the Inline XBRL 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.
+ Management contract or compensatory plan or arrangement.

* 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: August 14, 2024

By: /s/ Gerard Barron
Gerard Barron
Chief Executive Officer

Date: August 14, 2024

By: /s/ Craig Shesky
Craig Shesky
Chief Financial Officer

TMC THE METALS COMPANY INC.
2021 INCENTIVE EQUITY PLAN

(As amended by the Board of Directors through April 9, 2024)

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this TMC the metals company Inc. 2021 Incentive Equity Plan, have the following meanings:

Active Employment means the period in which a Participant who is an Employee performs work for the Company or an Affiliate. For certainty, "Active Employment" shall be deemed to include only the period of minimum notice of termination as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows the later of the end of the minimum statutory notice period or the Participant's last day of performing work for the Company or an Affiliate, including at common law.

Active Engagement means any period in which a Participant who is not an Employee provides services to the Company or an Affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Company or an Affiliate, including at common law.

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the term "Administrator" means the Committee.

Affiliate means a corporation or other entity, which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means a written or electronic document setting forth the terms of a Stock Right delivered pursuant to the Plan, in such form as the Administrator shall approve.

Board of Directors means the Board of Directors of the Company.

Cause means, with respect to a Participant: (a) "Cause" as defined in such Participant's written employment or service agreement with the Company or an Affiliate; or (b) if there is no such defined term, then: (i) dishonesty with respect to the Company or any Affiliate, (ii) gross negligence, serious misconduct or a material failure to discharge the duties relating to the employment or service with the Company or Affiliate, including insubordination, (iii) material breach by a Participant of any provision of any written employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate or any material written policy of the Company or any Affiliate, or (iv) any act or omission which would constitute Cause at common law.

Closing means the date on which the transactions contemplated by the Business Combination Agreement among the Company, 1291924 B.C. Unlimited Liability Company, an unlimited liability company existing under the laws of British Columbia, and DeepGreen Metals Inc., a company existing under the laws of British Columbia, dated March 4, 2021, are consummated.

Code means the United States Internal Revenue Code of 1986, as amended including any successor statute, regulation and guidance thereto.

Committee means the committee of the Board of Directors, if any, to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

Common Shares means the Common Shares of the Company.

Company means TMC the metals company Inc. a company existing under the laws of British Columbia, Canada.

Consultant means any natural person who is an advisor or consultant who provides bona fide services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's or its Affiliates' securities.

Corporate Transaction means a merger, consolidation, or sale of all or substantially all of the Company's assets or the acquisition of all of the outstanding voting stock of the Company (or similar transaction) in a single transaction or a series of related transactions by a single entity, other than a transaction to merely change the state of incorporation or in which the Company is the surviving corporation. Where a Corporate Transaction involves a tender offer that is reasonably expected to be followed by a merger (as determined by the Administrator), the Corporate Transaction will be deemed to have occurred upon consummation of the tender offer.

Date of Disability means: (a) the date on which a Participant's service is deemed terminated due to a Disability in accordance with a Participant's written employment or service agreement with the Company or an Affiliate or, (b) if there is no such defined term, on the last day of the relevant period as set out in the definition of Disability herein, subject to applicable human rights legislation.

Disability or Disabled has the meaning attributed thereto in a Participant's written employment or service agreement with the Company or an Affiliate or, if there is no such defined term, means the Participant's inability to substantially fulfil his or her duties on behalf of the Company or Affiliate as a result of illness or injury for a continuous period of nine (9) months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period.

Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

Exchange Act means the United States Securities Exchange Act of 1934, as amended.

Fair Market Value of a Common Share means:

(a) If the Common Shares are listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Shares, the closing or, if not applicable, the last price of the Common Shares on the composite tape or other comparable reporting system for the trading day on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

(b) If the Common Shares are not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Shares for the trading day referred to in clause (a), and if bid and asked prices for the Common Shares are regularly reported, the mean between the bid and the asked price for the Common Shares at the close of trading in the over-the-counter market for the most recent trading day on which Common Shares was traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

(c) If the Common Shares are neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine in compliance with applicable laws.

Option means an option to acquire Common Shares granted under the Plan.

Participant means an Employee, director or Consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Performance-Based Award means a Stock Grant or Stock-Based Award which vests based on the attainment of written Performance Goals as set forth in Paragraph 9 hereof.

Performance Goals means performance goals determined by the Committee in its sole discretion and set forth in an Agreement. The satisfaction of Performance Goals shall be subject to certification by the Committee. The Committee has the authority to take appropriate action with respect to the Performance Goals (including, without limitation, making adjustments to the Performance Goals or determining the satisfaction of the Performance Goals in connection with a Corporate Transaction) provided that any such action does not otherwise violate the terms of the Plan.

Permitted Designee means, with respect to a Participant: (a) an entity that is wholly-owned by the Participant; (b) a spouse (common law or otherwise) or child (natural or adopted) of the Participant; (c) the estate and heirs and beneficiaries (arising from death) of the Participant and persons identified in (b) herein; or (d) a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, the sole shareholders, partners or beneficiaries of which only include the Participant and persons referred to in (b) or (c) herein.

Plan means this TMC the metals company Inc. 2021 Incentive Equity Plan.

SAR means a stock appreciation right.

Securities Act means the United States Securities Act of 1933, as amended.

Shares means Common Shares as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award, which is not an Option, or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means an Option, a Stock Grant or a Stock-Based Award or a right to Shares or the value of Shares of the Company granted pursuant to the Plan.

Substitute Award means an award issued under the Plan in substitution for one or more equity awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

Termination Date means, in respect of a Participant, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Company or an Affiliate, whether such date is selected by the Participant, by mutual agreement between the Company or an Affiliate and the Participant, or unilaterally by the Company or an Affiliate.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain Consultants to the Company and its Affiliates in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of Options, Stock Grants and Stock-Based Awards.

3. SHARES SUBJECT TO THE PLAN.

(a) The number of Shares that may be issued from time to time pursuant to this Plan shall be 24,682,386[1] Common Shares; provided that 2,243,853 of the outstanding Common Shares shall only be available for Stock Rights made to non-employee directors of the Company.

[1] Reflects the number of Common Shares reserved under the Plan at the initial adoption of the Plan, which has been increased pursuant to the Annual Increase described below.

(b) Notwithstanding Subparagraph (a) above, on the first day of each fiscal year of the Company during the period beginning in fiscal year 2022 and ending on the tenth anniversary of the Closing, the number of Shares that may be issued from time to time pursuant to the Plan, shall be increased automatically by an amount equal to the lesser of (i) 4% of the number of outstanding Common Shares on such date and (ii) an amount determined by the Administrator (the "Annual Increase").

(c) If an Option ceases to be "outstanding", in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan; provided, however, that the number of Shares underlying any awards under the Plan that are retained or repurchased on the exercise of an Option or the vesting or issuance of any Stock Right to cover the exercise price and/or tax withholding required by the Company in connection with vesting shall not be added back to the Shares available for issuance under the Plan. In addition, any Shares repurchased using exercise price proceeds will not be available for issuance under the Plan.

(d) The Administrator may grant Substitute Awards under the Plan. To the extent consistent with applicable legal requirements (including applicable stock exchange requirements), Shares issued in respect of Substitute Awards will be in addition to and will not reduce the shares available under the Plan. Notwithstanding the foregoing, if any Substitute Award is settled in cash or expires, becomes unexercisable, terminates or is forfeited to or repurchased by the Company without the issuance or retention of Shares, the Shares previously subject to such Award will not be available for future issuance under the Plan. The Administrator will determine the extent to which the terms and conditions of the Plan apply to Substitute Awards, if at all; provided, however, that Substitute Awards will not be subject to the limits described in Paragraph 4(c) below.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

(a) Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

(b) Determine which Employees, directors and Consultants shall be granted Stock Rights;

(c) Determine the number of Shares for which a Stock Right or Stock Rights shall be granted; provided, however, that in no event shall the aggregate grant date fair value (determined in accordance with ASC 718) of Stock Rights to be granted and any other cash compensation paid to any non-employee director for director services in any calendar year, exceed US$500,000, increased US$750,000 in the year in which such non-employee director initially joins the Board of Directors; provided, further, however, that the US$500,000 and US$750,000 limitation described in this Section 4(c) shall be determined without regard to amounts paid to a non-employee director during any period in which such individual was an Employee or Consultant (other than grants of awards paid for service in their capacity as a non-employee director), and any severance and other payments, such as consulting fees, paid to a non-employee director for such director's prior or current service to the Company or its Affiliates other than serving as a director, shall not be taken into account in applying such limitations provided above.

(d) Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted provided that no dividends or dividend equivalents shall be paid on any Stock Right prior to the vesting of the underlying Shares.

(e) Amend any term or condition of any outstanding Stock Right, provided that (i) such term or condition as amended is not prohibited by the Plan and (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors.

(f) Determine and make any adjustments in the Performance Goals included in any Performance-Based Awards; and

(g) Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company, any Affiliate or to Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. The Board of Directors or the Committee may revoke any such allocation or delegation at any time. Notwithstanding the foregoing, only the Board of Directors or the Committee shall be authorized to grant a Stock Right to any director of the Company or to any "officer" of the Company as defined by Rule 16a-1 under the Exchange Act.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan; provided, however, that each Participant must be an Employee, director or Consultant of the Company or of an Affiliate at the time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person in anticipation of such person becoming an Employee, director or Consultant of the Company or of an Affiliate, provided, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. Options, Stock Grants and Stock-Based Awards may be granted to any Employee, director or Consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify that individual from, participation in any other grant of Stock Rights or any grant under any other benefit plan established by the Company or any Affiliate for Employees, directors or Consultants.

A Participant to whom an Option is granted may request, by written notice to the Administrator, to have such Options issued in the name of a Permitted Designee. The Administrator may, in its sole and absolute discretion, accept or reject such request, provided that if the request is accepted: (a) the Participant and the Permitted Designee shall execute and deliver to the Company an instrument in writing providing such representations, warranties and covenants as the Company may require (including satisfying the Company that the intended designee is a Permitted Designee), and (b) the Company is satisfied, in its sole and absolute discretion, that the Company may do so (i) in compliance with all applicable laws (including the Exchange Act and the Securities Act), and (ii) without imposing any additional financial or other obligations upon the Company. If the Permitted Designee ceases at any time to qualify as a Permitted Designee of the Participant, then any Option held by such Permitted Designee shall immediately terminate and be of no further force and effect.

References in Section 4(c) of the Plan to limits on the number of Shares under Stock Rights which may be granted shall be read as being the cumulative aggregation of Stock Rights granted to a Participant and such Participant's Permitted Designees. The Permitted Designee shall be bound by the same provisions, effects and limitations set forth in the Plan (including, for greater certainty, the provisions of Sections 4(c), 9 and 14-22 inclusive), such that the effect of any provision on a Participant shall apply to the Participant's Permitted Designee.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in an Option Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. In addition, the Option Agreements shall be subject to at least the following terms and conditions:

(a) Options: Each Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Option:

(i) Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option which exercise price shall be determined by the Administrator and shall be at least equal to the Fair Market Value per Common Share on the date of grant of the Option, unless otherwise determined by the Administrator.

(ii) Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.

(iii) Vesting: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain performance conditions or the attainment of stated goals or events.

(iv) Term of Option: Each Option shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide.

(b) Except in connection with a corporate transaction involving the Company (which term includes, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares) or as otherwise contemplated by Paragraph 25 below, the Company may not, without obtaining stockholder approval, (i) amend the terms of outstanding Options to reduce the exercise price of such Options, (ii) cancel outstanding Options in exchange for Options that have an exercise price that is less than the exercise price value of the original Options, or (iii) cancel outstanding Options that have an exercise price greater than the Fair Market Value of a Share on the date of such cancellation in exchange for cash or other consideration.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each Stock Grant to a Participant shall state the principal terms in an Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(a) Each Agreement shall state the purchase price per Share, if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator on the date of the grant of the Stock Grant;

(b) Each Agreement shall state the number of Shares to which the Stock Grant pertains;

(c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time period or attainment of Performance Goals or such other performance criteria upon which such rights shall accrue and the purchase price therefor, if any; and

(d) Dividends (other than stock dividends to be issued pursuant to Paragraph 25 of the Plan) may accrue but shall not be paid prior to the time, and may be paid only to the extent that, the restrictions or rights to reacquire the Shares subject to the Stock Grant lapse.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.

The Administrator shall have the right to grant other Stock-Based Awards based upon the Common Shares having such terms and conditions as the Administrator may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of SARs, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company. Each Agreement shall include the terms of any right of the Company including the right to terminate the Stock-Based Award without the issuance of Shares, the terms of any vesting conditions, Performance Goals or events upon which Shares shall be issued, provided that dividends (other than stock dividends to be issued pursuant to Paragraph 25 of the Plan) or dividend equivalents may accrue but shall not be paid prior to and may be paid only to the extent that the Shares subject to the Stock-Based Award vest. Under no circumstances may the Agreement covering SARs (a) have an exercise or base price (per share) that is less than the Fair Market Value per Common Share on the date of grant or (b) expire more than ten years following the date of grant.

9. PERFORMANCE-BASED AWARDS.

The Committee shall determine whether, with respect to a performance period, the applicable Performance Goals have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be issued for such performance period until such certification is made by the Committee. The number of Shares issued in respect of a Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period, and any dividends (other than stock dividends to be issued pursuant to Paragraph 25 of the Plan) or dividend equivalents that accrue shall only be paid in respect of the number of Shares earned in respect of such Performance-Based Award.

10. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee (in a form acceptable to the Administrator, which may include electronic notice), together with provision for payment of the aggregate exercise price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Administrator), shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the exercise price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of Common Shares held for at least six months (if required to avoid negative accounting treatment) having a Fair Market Value equal as of the date of the exercise to the aggregate cash exercise price for the number of Shares as to which the Option is being exercised; or (c) at the discretion of the Administrator, by having the Company retain from the Shares otherwise issuable upon exercise of the Option, a number of Shares having a Fair Market Value equal as of the date of exercise to the aggregate exercise price for the number of Shares as to which the Option is being exercised; (d) at the discretion of the Administrator, by permitting the Participant to surrender such number of Options in respect of Shares having a Fair Market Value that, when the aggregate exercise price of such Options is subtracted from such Fair Market Value, equals a difference as of the date of exercise to the aggregate exercise price for the number of Shares as to which the Option is being exercised; or (e) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, providing for the sale of securities on the Participant's behalf; or (f) at the discretion of the Administrator, by any combination of (a), (b), (c), (d) and (e) above or (g) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company if the Administrator determines it is necessary to comply with any law or regulation (including, without limitation, federal securities laws) that requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

11. PAYMENT IN CONNECTION WITH THE ISSUANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

Any Stock Grant or Stock-Based Award requiring payment of a purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being granted shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of Common Shares held for at least six months (if required to avoid negative accounting treatment) and having a Fair Market Value equal as of the date of payment to the purchase price of the Stock Grant or Stock-Based Award; or (c) by delivery of a promissory note, if the Board of Directors has expressly authorized the loan of funds to the Participant for the purpose of enabling or assisting the Participant to effect such purchase; (d) at the discretion of the Administrator, by any combination of (a) through (c) above; or (e) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall when required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was made to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company if the Administrator determines it is necessary to comply with any law or regulation (including, without limitation, federal securities laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

12. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right except after due exercise of an Option or issuance of Shares as set forth in any Agreement, tender of the aggregate exercise or purchase price, if any, for the Shares being purchased and registration of the Shares in the Company's share register in the name of the Participant. In addition, at the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued in compliance with the Securities Act without registration thereunder.

13. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Stock Right may be transferred by a Participant for value.

The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above during the Participant's lifetime a Stock Right shall only be exercisable by or issued to such Participant (or his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

14. EFFECT ON OPTIONS OF CESSATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement in the event of a cessation of service (whether as an Employee, director or Consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(a) A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate (for any reason other than for Cause, Disability, or death for which events there are special rules in Paragraphs 15, 16, and 17, respectively), may exercise any Option granted to such Participant to the extent that the Option is exercisable on the Termination Date, but only within such term as the Administrator has designated in a Participant's Option Agreement. Except as otherwise determined by the Administrator, any Option, or portion thereof, that is not exercisable on the Termination Date will automatically terminate and become void on the Termination Date.

(b) The provisions of this Paragraph, and not the provisions of Paragraph 16 or 17, shall apply to a Participant who subsequently becomes Disabled or dies after their Termination Date; provided, however, in the case of a Participant's Disability or death within three months after the Termination Date, the Participant or the Participant's Survivors may exercise the Option within one year after the Termination Date, but in no event after the date of expiration of the term of the Option.

(c) Notwithstanding anything herein to the contrary, if subsequent to a Participant's Termination Date, but prior to the exercise of an Option, the Administrator determines that, prior to the Participant's Termination Date, the Participant engaged in conduct which would constitute Cause, then any Option which the Participant has not exercised at such time will automatically terminate and become void.

(d) A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have ceased to provide service (whether as an Employee, director or Consultant) to the Company or an Affiliate, except as the Administrator may otherwise expressly provide to the extent permitted by applicable legislation.

(e) Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

15. EFFECT ON OPTIONS OF CESSATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service (whether as an Employee, director or Consultant) with the Company or an Affiliate ceases for Cause prior to the time that all his or her outstanding Options have been exercised:

(a) All outstanding and unexercised Options as of the Termination Date will immediately terminate and become void.

(b) It is not necessary that the Administrator's finding of Cause occur prior to the Termination Date. If the Administrator determines, subsequent to a Participant's Termination Date but prior to the exercise of an Option, that prior to the Participant's Termination Date, the Participant engaged in conduct which would constitute Cause, then such Option will automatically terminate and become void.

16. EFFECT ON OPTIONS OF CESSATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement:

(a) A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant to the extent that the Option has become exercisable but has not been exercised as of the Date of Disability; and in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through to the Date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to Date of Disability.

(b) A Disabled Participant may exercise the Option only within the period ending one year after the Date of Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option.

17. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Option Agreement:

(a) In the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors to the extent that the Option has become exercisable but has not been exercised on the date of death; and in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

(b) If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option.

18. EFFECT OF CESSATION OF SERVICE ON UNACCEPTED STOCK GRANTS AND STOCK-BASED AWARDS.

In the event of a cessation of service (whether as an Employee, director or Consultant) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant or a Stock-Based Award and paid the purchase price, if required, such grant will automatically terminate on the Termination Date, Date of Disability or date of death, as applicable.

For purposes of this Paragraph 18 and Paragraph 19 below, a Participant to whom a Stock Grant or a Stock-Based Award has been issued under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have ceased to provide service (whether as an Employee, director or Consultant) to the Company or an Affiliate, except as the Administrator may otherwise expressly provide to the extent permitted by applicable legislation.

In addition, for purposes of this Paragraph 18 and Paragraph 19 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a cessation of service (whether as an Employee, director or Consultant) so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

19. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF CESSATION OF SERVICE OTHER THAN FOR CAUSE, DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Agreement, in the event of a cessation of service for any reason (whether as an Employee, director or Consultant), other than for Cause, death or Disability for which there are special rules in Paragraphs 20, 21, and 22 below, before all forfeiture provisions or Company rights of repurchase shall have lapsed, then as of the Termination Date the Company shall have the right to cancel or repurchase that number of Shares subject to a Stock Grant or Stock-Based Award as to which the Company's forfeiture or repurchase rights have not lapsed.

20. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF CESSATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service (whether as an Employee, director or Consultant) with the Company or an Affiliate ceases for Cause:

(a) All Shares subject to any Stock Grant or Stock-Based Award that remain subject to forfeiture provisions or as to which the Company shall have a repurchase right shall be immediately forfeited to the Company as of the Termination Date.

(b) It is not necessary that the Administrator's finding of Cause occur prior to the Termination Date. If the Administrator determines, subsequent to a Participant's Termination Date, that prior to the Participant's Termination Date, the Participant engaged in conduct which would constitute Cause, then all Shares subject to any Stock Grant or Stock-Based Award that remained subject to forfeiture provisions or as to which the Company had a repurchase right on the Termination Date shall be immediately forfeited to the Company.

21. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF CESSATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the Date of Disability, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through to the Date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the Date of Disability.

22. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's date of death.

23. NO RIGHTS TO STOCK RIGHTS OR DAMAGES.

No Participant shall have any claim to be granted any Stock Right under the Plan, and there is no obligation for uniformity of treatment of Participants. The granting of any Stock Right hereunder shall not impose any obligation on the Company to grant any Stock Right to any Participant in the future nor shall it entitle any Participant to receive any further Stock Right. No Participant shall have any entitlement to damages or other compensation whatsoever arising from or related to not receiving any Stock Right under the Plan, including with respect to any Stock Right which may have vested or been granted after the Participant's Termination Date, including but not limited to damages in lieu of notice at common law.

24. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

25. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to such Participant hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement.

(a) Changes with respect to Common Shares.

(i) If (1) the Common Shares shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any Common Shares as a stock dividend on its outstanding Common Shares, or (2) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such Common Shares, each Stock Right and the number of Common Shares deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made including, in the exercise, base or purchase price per share and in the Performance Goals applicable to outstanding Performance-Based Awards to reflect such events. The number of Shares subject to the limitations in Paragraphs 3(a), 3(b), 3(d) and 4(c) shall also be proportionately adjusted upon the occurrence of such events.

(ii) The Administrator may also make adjustments of the type described in Paragraph 25(a) above to take into account distributions to stockholders other than those provided for in Paragraphs 25(b) below, or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan or any Award.

(iii) References in the Plan to Shares will be construed to include any stock or securities resulting from an adjustment pursuant to this Paragraph 25(a).

(b) Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a Corporate Transaction, the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), may, as to outstanding Options, take any of the following actions: (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding Common Shares in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable or (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period such Options which have not been exercised shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Shares into which such Option would have been exercisable (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) less the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to Subclause (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Board of Directors. For the avoidance of doubt, if the per share exercise price of an Option or portion thereof is equal to or greater than the Fair Market Value of one Share of Common Shares, such Option may be cancelled with no payment due hereunder or otherwise in respect thereof.

With respect to outstanding Stock Grants or Stock-Based Awards, the Administrator or the Successor Board, shall make appropriate provision for the continuation of such Stock Grants or Stock-Based Awards on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants or Stock-Based Awards either the consideration payable with respect to the outstanding Shares of Common Shares in connection with the Corporate Transaction or securities of any successor or acquiring entity. In lieu of the foregoing, in connection with any Corporate Transaction, the Administrator may provide that each outstanding Stock Grant or Stock-Based Award shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Shares comprising such Stock Grant or Stock-Based Award (to the extent such Stock Grant or Stock-Based Award is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived). For the avoidance of doubt, if the purchase or base price of a Stock Grant or Stock-Based Award or portion thereof is equal to or greater than the Fair Market Value of one Share, such Stock Grant or Stock-Based Award, as applicable, may be cancelled with no payment due hereunder or otherwise in respect thereof.

In taking any of the actions permitted under this Paragraph 25(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding Common Shares, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

(d) Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs (a), (b) or (c) above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 25, including, but not limited to the effect of any, Corporate Transaction and, subject to Paragraph 4, its determination shall be conclusive.

(e) Termination of Awards upon Consummation of a Corporate Transaction. Except as the Administrator may otherwise determine, each Stock Right will automatically terminate (and in the case of outstanding Shares of restricted Common Shares, will automatically be forfeited) immediately upon the consummation of a Corporate Transaction, other than (i) any award that is assumed, continued or substituted pursuant to Paragraph 25(b) above, and (ii) any cash award that by its terms, or as a result of action taken by the Administrator, continues following the consummation of the Corporate Transaction.

26. ISSUANCES OF SECURITIES.

(a) Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

(b) The Company will not be obligated to issue any Shares pursuant to the Plan or to remove any restriction from Shares previously issued under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance of such Shares have been addressed and resolved; (ii) if the outstanding Shares is at the time of issuance listed on any stock exchange or national market system, the Shares to be issued have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the award have been satisfied or waived. The Company may require, as a condition to the exercise of an award or the issuance of Shares under an award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Shares issued under the Plan will be evidenced in such manner as the Administrator determines appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that stock certificates will be issued in connection with Shares issued under the Plan, the Administrator may require that such certificates bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending the lapse of the applicable restrictions.

27. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan. The person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof, provided that, notwithstanding the foregoing, in the case of any Stock Right subject to section 7 of the *Income Tax Act* (Canada), the fractional shares subject to such Stock Right shall be rounded down to the nearest whole number of Shares with no further consideration payable to the Participant.

28. WITHHOLDING.

In the event that any federal, state, provincial or local income taxes, employment taxes, Federal Insurance Contributions Act withholdings or other amounts are required by applicable law or governmental regulation to be withheld in connection with the issuance of a Stock Right or Shares under the Plan, the Company or an Affiliate may withhold the amount necessary to satisfy such obligations from any amount which would otherwise be delivered, provided or paid to the Participant by the Company or an Affiliate, whether under this Plan or otherwise, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Shares or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date. If the Fair Market Value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer.

29. TERMINATION OF THE PLAN.

The Plan will terminate on the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

30. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator; provided that any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment as may be afforded ISOs under Section 422 and to the extent necessary to qualify the Shares issuable under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to such Participant, unless such amendment is required by applicable law or necessary to preserve the economic value of such Stock Right. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Nothing in this Paragraph 30 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 25.

31. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

32. INDEMNITY.

Neither the Board of Directors nor the Administrator, nor any members of either, nor any employees of the Company or any parent, subsidiary, or other Affiliate, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Company hereby agrees to indemnify the members of the Board or Directors, the members of the Committee, and the employees of the Company and its parent or subsidiaries in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

33. CLAWBACK.

Notwithstanding anything to the contrary contained in this Plan, the Company may recover from a Participant any compensation received from any Stock Right (whether or not settled) or cause a Participant to forfeit any Stock Right (whether or not vested) in the event that the Company's Clawback Policy as then in effect is triggered.

34. WAIVER OF JURY TRIAL.

By accepting or being deemed to have accepted an award under the Plan, each Participant waives (or will be deemed to have waived), to the maximum extent permitted under applicable law, any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan or any award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees (or will be deemed to have agreed) that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting or being deemed to have accepted an award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit any dispute arising under the terms of the Plan or any ward to binding arbitration or as limiting the ability of the Company to require any individual to agree to submit such disputes to binding arbitration as a condition of receiving an award hereunder.

35. UNFUNDED OBLIGATIONS.

The Company's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Company in respect of any award under the Plan. Participants will be general unsecured creditors of the Company with respect to any amounts due or payable under the Plan.

36. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

Addendum
Terms of Grant of Options to United States Employees
U.S. SUB-PLAN TO THE
TMC THE METALS COMPANY INC.
2021 INCENTIVE EQUITY PLAN

The Board of Directors of TMC the metals company Inc. (the "Company") established the TMC the metals company Inc. 2021 Incentive Equity Plan (the "Plan"). Through the Plan, the Company established a framework to aid the Company in attracting and retaining the best available individuals for positions of substantial responsibility, and to promote the success of the Company's and its Affiliates' business by aligning the financial interests of individuals providing services to the Company and the Affiliates with long-term shareholder value.

The Board determined that it was necessary and desirable to establish a sub-plan of the Plan for the purpose of granting Options to Employees who are residents of the United States or who are or may become subject to U.S. tax (i.e., income tax, social security and/or withholding tax ("U.S. Participant")), with such Options qualifying as either Non-Qualified Stock Options or Incentive Stock Options (within the meaning of Section 422 of the Code), to cause all Options under the Plan to be exempt from or comply with Section 409A of the Code, and to cause Options to comply with certain other provisions and exemptions under U.S. law. The terms of the Plan, as amended from time to time, shall, subject to the provisions hereof, constitute this U.S. Sub-Plan of the Plan (this "U.S. Sub-Plan"). This U.S. Sub-Plan supplements, and shall be read in conjunction with the Plan, and is subject to the terms and conditions of the Plan; provided, that to the extent that the terms and conditions of the Plan differ from or conflict with the terms or conditions of this U.S. Sub-Plan, the terms and conditions of this U.S. Sub-Plan shall prevail.

1. DEFINITIONS

For the purposes of this U.S. Sub-Plan, the definitions set out in the Plan shall apply to this U.S. Sub-Plan as such definitions apply to the Plan and in addition the following terms shall have the following meanings (unless the context requires otherwise):

Disability or Disabled means a permanent and total disability as defined in Section 22(e)(3) of the Code.

ISO means an Option intended to qualify as an "incentive stock option" under Section 422.

Non-Qualified Option means an Option which is not intended to qualify as an ISO.

Section 409A means Section 409A of the Code.

Section 422 means Section 422 of the Code.

SHARES SUBJECT TO THE PLAN

All of the Shares available for grant as set forth in Paragraph 3 under the Plan may be issued as ISOs; provided, however, that the maximum number of Shares available for grant under the Plan as ISOs will be equal to 440,000,000. The limits set forth in Paragraph 3 of the Plan will be construed to comply with the applicable requirements of Section 422. For purposes of determining the number of Shares available for grant under the Plan as ISOs under Paragraph 3(c) of the Plan, such provisions shall be subject to any limitations under the Code. In addition, Shares issued in respect of Substitute Awards that are ISOs shall be consistent with Section 422.

ELIGIBILITY

ISOs may be granted only to Employees.

TERMS AND CONDITIONS OF OPTIONS TO U.S. PARTICIPANTS

Each Option intended to be a Non-Qualified Option shall meet the minimum standards required of Options, as described in Paragraph 6(a) of the Plan, except that the exercise price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Common Shares on the date of grant of the Option so as to be exempt from the requirements of Section 409A. If the Administrator determines to grant an Option at less than 100% of the Fair Market Value per Common Share, the Option must comply with the requirements of Section 409A or be exempt from the requirements of Section 409A pursuant Treas. Reg. Section 1.409-1(b)(4).

Each Option intended to be an ISO shall be issued only to an Employee who is deemed to be a resident of the United States for tax purposes, and shall be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 and relevant regulations and rulings of the Internal Revenue Service:

(i) Minimum Standards: The ISO shall meet the minimum standards required of Options, as described in Paragraph 6(a) of the Plan, except clause (i) and (iv) thereunder.

(ii) Exercise Price: Immediately before the ISO is granted, if the U.S. Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

A. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Common Shares on the date of grant of the Option; or

B. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 110% of the Fair Market Value per share of the Common Shares on the date of grant of the Option.

(iii) Term of Option: For U.S. Participants who own:

A. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or

B. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five years from the date of the grant or at such earlier time as the Option Agreement may provide.

(iv) Limitation on Yearly Exercise: To the extent that aggregate Fair Market Value (determined on the date each ISO is granted) of the Shares with respect to which ISOs are exercisable for the first time by the U.S. Participant in any calendar year exceeds US$100,000, such Options shall be treated as Non-Qualified Options even if denominated ISOs at grant.

DIVIDENDS

With respect to Stock Grants, any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with the applicable requirements of Section 409A.

EXERCISE OF OPTIONS - PAYMENT

The Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422.

TRANSFER

An ISO transferred except in compliance with clause (i) of Paragraph 13 shall no longer qualify as an ISO.

TERMINATION OF SERVICE; LEAVE OF ABSENCE

Except as provided in Subparagraph (b) of Paragraph 14 of the Plan, or Paragraph 16 or 17 of the Plan, in no event may an ISO be exercised later than three months after the U.S. Participant's termination of employment. If the U.S. Participant does not exercise the ISO within three months after termination, to the extent is not yet terminated, it shall automatically convert to a Non-Qualified Option.

With respect to ISOs, any leave of absence granted by the Administrator of greater than three months, unless pursuant to a contract or statute that guarantees the right to reemployment, shall cause such ISO to become a Non-Qualified Option on the date that is six months following the commencement of such leave of absence.

ADJUSTMENTS

Any adjustments under Paragraph 25 of the Plan shall have due regard for the qualification of ISOs under Section 422, the requirements of Section 409A, to the extent applicable

SECTION 409A AND SECTION 422

The Company intends that the Plan and any Stock Rights granted to U.S. Participants be exempt from or comply with Section 409A, to the extent applicable. The Company intends that ISOs comply with Section 422, to the extent applicable. Any ambiguities in the Plan or any Stock Right shall be construed to effect the intent as described herein.

If a U.S Participant is a "specified employee" as defined in Section 409A (and as applied according to procedures of the Company and its Affiliates) as of his or her separation from service, to the extent any payment under this Plan or pursuant to a Stock Right constitutes non-exempt deferred compensation under Section 409A that is being paid by reason of separation from service, no payments due under this Plan or pursuant to a Stock Right may be made until the earlier of: (i) the first day of the seventh month following the U.S. Participant's separation from service, or (ii) the U.S. Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the U.S. Participant's separation from service.

The Administrator shall administer the Plan with respect to Stock Rights to U.S. Participants with a view toward ensuring that Stock Rights under the Plan that are subject to Section 409A or Section 422, as applicable, comply with the requirements thereof and that Options under the Plan be exempt from the requirements of Section 409A or compliant with Section 422, as applicable, but neither the Administrator nor any member of the Board of Directors, nor the Company nor any of its Affiliates, nor any other person acting hereunder on behalf of the Company, the Administrator or the Board of Directors shall be liable to a U.S. Participant or any Survivor by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to any Stock Right, whether by reason of a failure to satisfy the requirements of Section 409A or Section 422 or otherwise.

GOVERNING LAW

This U.S. Sub Plan shall be construed and enforced in accordance with the laws of the State of Delaware.

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN OMITTED.

ARGENTUM CEDIT VIRTUTI GCV

Wiegstraat 21
B-2000 Antwerpen
Belgie

Loan Agreement USD2,000,000

This Agreement is made this 27th day of May, 2024

BETWEEN

(1) Argentum Cedit Virtuti GCV a company incorporated in Switzerland, whose registered address is at Wiegstraat 21, B-2000 Antwerpen, Belgium (the "Lender"); and

(2) TMC THE METALS COMPANY INC, a company organized under the laws of British Columbia, Canada with registered number BC0901047 and registered address at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada (the "Borrower").

RECITALS:

Whereas the Borrower [***] will ensure the loan of the Lender takes priority over Andrei Karkar's and Gerard Barron's loan.

NOW THEREFORE, The Parties to this Agreement covenant and agree as follows:

1. The Lender agrees, in accordance with the terms and conditions of this Agreement, to make available to the Borrower a loan in the amount of USD 2,000,000 (the "Loan") upon the date of this Agreement.

2. The Loan will take priority over loans granted to Borrower by Alexei Karkar and Gerard Barron, separately.

3. The Borrower unconditionally promises to pay to the Lender the Loan and accrued interest on or before the earlier of (i) the day which is within 48 hours of closing the [***] capital raise; or (ii) if the closing of the capital raise does not occur latest by 10 September 2024, at such date.

4. The loan will accrue 8% interest for its duration.

5. The Loan shall be transferred to the following Borrower's bank account:

   [***]

6. Any payments by Borrower to Lender under this Agreement shall be transferred to the following Lender's bank account:

   [***]

7. The governing law of the Agreement shall be the laws of England and Wales. All disputes arising in connection with the Agreement shall be finally settled in accordance with the Arbitration Rules of the Netherlands Arbitration Institute (Nederlands Arbitrage Instituut). The arbitral tribunal shall be composed of three arbitrators. The place of arbitration shall be Rotterdam, the Netherlands.The arbitration proceedings shall be held exclusively in the English language. Should documents be in languages other than English, the Party producing the documents shall procure, at its own expense, a certified translation thereof.

Signatures

By signing below, the parties acknowledge and agree to the terms and conditions of this Loan Agreement.

[Remainder of the page was intentionally left blank. Signature pages follows]

Argentum Credit Virtuti GCV (LENDER)

/s/ Edward Heerema

By: Edward Heerema
Title: Director
Date: 27 May 2024

TMC The Metals Company Inc. (BORROWER)

/s/ Gerard Barron

By: Gerard Barron
Title: CEO
Date: 27 May 2024

Exhibit 10.5

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN OMITTED.

FIRST AMENDMENT TO THE UNSECURED CREDIT FACILITY

THIS FIRST AMENDMENT is dated August 13, 2024 between:

TMC THE METALS COMPANY INC., a company organized under the laws of British Columbia, Canada ("**TMC**")

and

ERAS CAPITAL LLC, a Delaware limited liability company, and **GERARD BARRON**, an individual

RECITALS

WHEREAS TMC, ERAS and Barron entered into an Unsecured Credit Facility Agreement on March 22, 2024 (the "**UCF**").

AND WHERAS the parties wish to amend the UCF as set forth below.

NOW THEREFORE, THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations and warranties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties to this Agreement covenant and agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the UCF.

2. Amendments. The UCF is hereby amended as follows:

2.1. The reference to "USD $20,000,000 (the "**Principal Amount**")" in the first whereas clause in the UCF shall be replaced with the following: "the aggregate Principal Amount (as defined below) with respect to both Lenders".

2.2. Section 1.1.17 shall be replaced in its entirety with the following: "**Principal Amount**" means the principal amount advanced and outstanding under this Agreement from time to time, being up to a maximum of USD $12,500,000 with respect to ERAS and USD $12,500,000 with respect to Barron, and which may be reduced by any Prepayment Amount in accordance with Section 2.8; provided, however, such maximum amount shall be reduced to USD $10,000,000 with respect to ERAS and USD $10,000,000 with respect to Barron (each of which may be reduced by any Prepayment Amount in accordance with Section 2.8) upon TMC's [***] financing [***]. Notwithstanding anything to the contrary set forth in this Agreement, any outstanding principal in excess of the Principal Amount for each Lender so reduced by the proviso in the previous sentence shall be promptly repaid to the applicable Lender with any accrued and unpaid interest thereon, provided, however, such repayment shall not be considered a Prepayment Amount and shall not further reduce the Principal Amount with respect to such Lender in accordance with Section 2.8.

2.3. Section 1.1.18 shall be replaced in its entirety with the following: "**Underutilization Fee**" means a fee equal to 4.0% per annum of any amount of the then current maximum Principal Amount, being USD $12,500,000 or USD $10,000,000, as the case may be, with respect to ERAS and USD $12,500,000 or USD $10,000,000, as the case may be, with respect to Barron, less any drawn amounts, respectively.

3. Entire Agreement. This Amendment shall be read together with the UCF, as a single agreement, and together constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof. Each Party agrees to execute, acknowledge and deliver such further instructions, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Amendment. This Amendment may be executed in multiple originals, each of which shall be considered an original for all purposes and, collectively, shall be considered to constitute this Amendment. Signatures transmitted by facsimile or in a Portable Document Format (pdf) may be considered an original for all purposes, including, without limitation, the execution of this Amendment and enforcement of this Amendment. This Amendment shall prevail in case of any conflict with the UCF.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Amendment this 13th day of August 2024.

TMC THE METALS COMPANY INC.

By: /s/ Gerard Barron
Name: Gerard Barron
Title: Chief Executive Officer

ERAS CAPITAL LLC

By: /s/ Andrei Karkar
Name: Andrei Karkar
Title: Chief Executive Officer

By: /s/ Gerard Barron
Name: Gerard Barron

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: August 14, 2024

/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: August 14, 2024

/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 June 30, 2024 (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: August 14, 2024

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

Dated: August 14, 2024

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