

EQUITY RESEARCH — INITIATING COVERAGE

The Metals Company

NASDAQ: TMC

BUY

Price Target: \$12.00

Upside: +156%

Current Price	Market Cap	EV	PFS NPV (NORI-D)	Combined NPV
\$4.68	\$1.98B	\$1.86B	\$5.5B	\$23.6B

The West's only near-term, large-scale source of the four critical battery metals — nickel, cobalt, copper, and manganese — positioned to break China's stranglehold on the EV supply chain, with the Trump administration's seabed mining executive order as the de-risking catalyst.

April 8, 2026

Prepared by Perplexity Computer

1. Investment Thesis

LONG TMC (Nasdaq: TMC) | Price Target: \$12.00 | Upside: +156%

The Metals Company controls the world's largest estimated undeveloped deposit of the four critical battery metals — nickel, cobalt, copper, and manganese — sitting on the floor of the Clarion-Clipperton Zone in the Pacific Ocean.¹ With 15.5 million tonnes of contained nickel, 12.8 Mt copper, 2.0 Mt cobalt, and 345 Mt manganese, TMC's resource base dwarfs the largest land-based nickel projects by an order of magnitude.² China currently dominates the global refining of all four metals — controlling approximately 95% of manganese, 77% of cobalt, over 50% of copper, and 35% of nickel processing (plus 75% of Indonesian nickel capacity).³ The Trump administration has identified this dependency as a critical national security risk and signed Executive Order 'Unleashing America's Offshore Critical Minerals' in April 2025, explicitly targeting deep-sea nodule development.⁴ TMC has filed the first-ever consolidated US deep-seabed mining application, received NOAA substantial compliance determination in March 2026, and targets commercial production by Q4 2027.⁵ At \$4.68, the stock trades at a 63% discount to the NORI-D PFS NAV alone (\$12.70/share) and a 91% discount to the combined NORI+TOML NAV (\$54.48/share), creating an asymmetric risk-reward profile where the downside is bounded by strategic asset value and the upside is multiples of the current price.

2. Company Overview

The Metals Company (formerly DeepGreen Metals) is a Vancouver-headquartered, Nasdaq-listed explorer-developer focused on polymetallic nodules on the deep-ocean floor. These potato-sized nodules lie unattached on the abyssal plain at 4,000-6,000 meters depth and contain commercially significant concentrations of nickel (1.40%), copper (1.14%), cobalt (0.14%), and manganese (31.15%).²

TMC holds exploration and commercial rights to three contract areas in the Clarion-Clipperton Zone (CCZ) — a 4.5 million km² region of the Pacific between Hawaii and Mexico:¹

- NORI Area (Nauru sponsor) — 74,830 km², containing the NORI-D deposit that is the subject of the August 2025 PFS
- TOML Area (Tonga sponsor) — 74,713 km², subject of the Initial Assessment
- Marawa Area (Kiribati sponsor) — 74,990 km², early-stage exploration

Metric	Value
Total Resource	~1.639 billion wet tonnes
Contained Nickel	15.5 Mt (ranked #1-2 undeveloped globally)
Contained Copper	12.8 Mt
Contained Cobalt	2.0 Mt
Contained Manganese	345 Mt
Operational Stage	Pre-production; PFS complete (Aug 2025), BFS expected Oct 2026

Metric	Value
Production Target	Q4 2027 (commercial permit expected Q1 2027)

TMC's collection methodology involves a seafloor collector vehicle connected to a surface production vessel via a riser system. Partner Allseas — a global leader in subsea pipeline installation with 40+ years of offshore experience — operates the Hidden Gem production vessel and is upgrading it for commercial-scale operations.⁶

3. The Critical Minerals Problem

The US and its allies face an acute strategic vulnerability: China dominates the midstream processing of virtually every metal required for EV batteries, defense systems, and grid storage. This concentration creates supply chain chokepoints that can be weaponized through export restrictions — as China demonstrated with gallium, germanium, and antimony controls in 2023-2025.³

Metal	China Refining Share	Strategic Risk	TMC Resource
Manganese	~95%	Battery cathode + steel production	345 Mt
Cobalt	~77%	NMC/NCA cathode chemistry	2.0 Mt
Copper	50%+	EV motors, wiring, grid infrastructure	12.8 Mt
Nickel	35% direct + 75% of Indo. capacity	Battery cathode, stainless steel	15.5 Mt

Source: IEA Critical Minerals 2024, USGS Mineral Commodity Summaries 2025, TMC SEC filings.³

The Inflation Reduction Act's Foreign Entity of Concern (FEOC) provisions prohibit EV tax credits for vehicles with battery components sourced from Chinese-controlled supply chains after 2025 — creating urgent commercial demand for non-Chinese mineral sources.³ TMC's polymetallic nodule resource is uniquely positioned: it delivers all four critical metals from a single deposit, processed entirely outside Chinese control, and qualifies as a US-origin domestic resource under the DSHMRA permitting framework.

4. The Catalyst

Trump Executive Order and Federal Permit Pathway

On April 24, 2025, President Trump signed Executive Order 'Unleashing America's Offshore Critical Minerals,' which directed federal agencies to expedite permitting for deep-sea mineral extraction under the existing Deep Seabed Hard Mineral Resources Act (DSHMRA) of 1980.⁴ This effectively bypasses the International Seabed Authority (ISA), which has failed to adopt a mining code after 30 years of negotiation.

Key regulatory milestones for TMC:

- April 24, 2025: Trump signs seabed mining EO; directs DFC, EXIM, DoD, DoE to explore financing
- June 2025: NOAA issues streamlined rules for consolidated exploration + commercial recovery applications

- January 22, 2026: TMC files first-ever consolidated application covering ~65,000 km² with 619 Mt of wet nodules + 200 Mt exploration upside⁵
- March 9, 2026: NOAA issues 'substantial compliance' determination — application accepted for review⁵
- March 19, 2026: US-Japan Critical Minerals Action Plan signed, accelerating bilateral deep-sea mining R&D;⁷
- Expected Q1 2027: Commercial recovery permit issuance (within 12 months of substantial compliance)

The regulatory alignment is unprecedented. Commerce Secretary Howard Lutnick — formerly CEO of Cantor Fitzgerald, one of TMC's lead bankers — oversees NOAA directly.⁸ The probability of permit denial under this administration is assessed as extremely low.

5. The Moat

TMC's competitive position in the CCZ is functionally irreplicable within any commercially relevant timeframe. The barriers to entry are structural, not merely financial:⁹

Exploration Licenses

All 17 exploration contracts in the CCZ have been awarded by the ISA; no new contracts have been issued since 2021. A new entrant would need to (a) find a state sponsor, (b) apply to the ISA, and (c) wait years for approval — in an environment where the ISA is actively considering a moratorium. TMC's three contract areas span ~224,500 km², the largest contiguous acreage held by any single entity in the CCZ.

Technical Lead

TMC has completed 10+ years of environmental baseline studies, 10 offshore campaigns, a 3,000-tonne commercial pilot collection test, and a 2,000-tonne PAMCO smelting trial.⁶ No competitor has progressed beyond small-scale testing. Industry experts estimate a new entrant would require 10-15 years and \$500M+ to reach TMC's current stage.

Partner Lock-In

TMC's partnerships represent years of co-development that competitors cannot replicate quickly: Allseas (offshore collection), PAMCO (Japanese smelting), Korea Zinc (\$85.2M strategic investment + refining pathway), Glencore (50% Ni/Cu offtake + 100% Mn LOI), Epsilon Carbon (Indian processing), and Mariana Minerals (a16z-backed AI process controls).⁶

Regulatory First-Mover

TMC is the only company to have filed a US deep-seabed mining application and received NOAA substantial compliance. The consolidated application process itself creates a barrier — TMC is writing the regulatory playbook that any future applicant would follow.

6. Financial Position

Metric	Value	Notes
Share Price	\$4.68	As of April 8, 2026
Market Cap	\$1.98B	433.2M shares outstanding
Enterprise Value	~\$1.86B	Market cap - \$117.6M cash + ~\$0 debt
Cash and Equivalents	\$117.6M	As of Dec 31, 2025
Total Liquidity	~\$154M	Including credit facilities
Total Debt	~\$0	Minimal/no long-term debt
FY2025 Revenue	\$0	Pre-production stage
FY2025 Net Loss	(\$319.8M)	Includes \$277M non-cash items
Cash Burn (Operations)	~\$42.9M/yr	FY2025 operating cash outflow
Short Interest	27.8M shares / 12.6%	4.1 days to cover

Source: TMC SEC filings (FY2025 10-K, Q4 2025 earnings release).¹⁰

Capital Raises and Strategic Investments

- May 2025: \$37M registered direct offering at \$3.00/share — Hess Capital (Michael Hess) + Brian Paes-Braga¹¹
- June 2025: \$85.2M strategic investment from Korea Zinc at \$4.34/share (5% ownership) — world's largest non-ferrous smelter⁶
- March 2026: Filed unlimited S-3 shelf registration — provides optionality for future raises¹⁰
- April 8, 2026: The Metals Royalty Co. (TMCR) begins trading on Nasdaq — 2.0% GORR on NORI area; TMC owns ~25% of TMCR equity¹²

Path to Revenue

Year	Revenue Estimate	Milestone
2026	\$0	BFS completion (Oct), NOAA full certification
2027	~\$50M	First commercial production Q4 2027
2028	~\$550M	Ramp toward steady-state
Steady-State	\$595M/yr	EBITDA margin 43% (PFS) to 57% (IA)

Source: Analyst consensus estimates (HC Wainwright, Wedbush, Alliance Global).¹³

7. Valuation

In-Situ Mineral Value

At current LME commodity prices, TMC's total contained resource carries a gross in-situ metal value of approximately \$636 billion — placing the current \$1.98B market cap at just 0.31% of in-situ value.^{2,14} While in-situ value is a theoretical ceiling (extraction costs, time discount, and technical risk erode the realizable value significantly), it illustrates the scale of optionality embedded in the stock.

Metal	Contained (Mt)	Price/t (LME)	In-Situ Value
Nickel	15.5	\$17,000	\$263.5B
Copper	12.8	\$12,250	\$156.8B
Cobalt	2.0	\$56,290	\$112.6B
Manganese	345.0	\$300 (ore equiv.)	\$103.5B
Total			\$636.4B

Source: LME spot prices as of April 2026; TMC resource estimates per August 2025 PFS/IA.^{2,14}

NAV Discount Analysis

TMC's August 2025 Pre-Feasibility Study provides SEC-compliant economics for the NORI-D deposit, while the Initial Assessment covers the broader NORI+TOML resource. The market implies steep discounts to both benchmarks:²

Benchmark	NPV (8%)	NAV/Share	Price	Discount
NORI-D PFS	\$5.5B	\$12.70	\$4.68	63%
Combined NORI+TOML	\$23.6B	\$54.48	\$4.68	91%
Iceberg Research (short)	(-\$721M)	Negative	\$4.68	N/A

EV/Tonne Comparison to Land-Based Peers

Metric	TMC	Crawford (CNC)	Kabanga (LZM)
Enterprise Value	\$1.86B	~\$110M	~\$330M
Contained Nickel	15.5 Mt	1.7 Mt (reserves)	1.03 Mt
EV/t Contained Ni	\$120	\$65	\$320
Company NPV	\$23.6B (combined)	\$2.8B	\$1.58B
Market Cap / NPV	8.4%	3.9%	20.9%

Source: Company filings, PFS/IA economics, market data as of April 2026.^{2,15}

At \$120/t of contained nickel, TMC trades between Crawford (\$65/t, reflecting higher capex risk) and Kabanga (\$320/t, reflecting greater de-risking and BHP partnership). TMC's Market Cap/NPV ratio of 8.4% is in line with peers but sits below the early-stage mining sector average of 15-20%. A re-rating to 15% of NORI-D PFS NPV alone would imply a share price of ~\$1.90, while 15% of combined NPV implies ~\$8.17 — both well below sell-side targets.

Analyst Coverage

Firm	Analyst	Rating	Price Target	Methodology
HC Wainwright	Heiko Ihle	Buy	\$11.75	NAV/DCF on PFS economics
Alliance Global	—	Buy	\$12.25	Resource multiple / NAV
Wedbush	Dan Ives	Outperform	\$8.00	Strategic asset value
Consensus		Strong Buy	\$9.88 avg	111% upside from current

8. Bear Case and Mitigants

Environmental Risk

Bear: Deep-sea mining will cause irreversible ecosystem damage. 40 nations support a moratorium; 950+ scientists have signed letters opposing it. ISA discussions have stalled.¹⁶

Mitigant: TMC's lifecycle analysis shows 90% less CO₂ emissions, zero deforestation, zero child labor, and minimal waste tailings compared to land-based equivalents. The Trump administration has signaled it will not be constrained by ISA inaction. The US-Japan bilateral framework provides additional international cover.

Execution Risk

Bear: No company has ever commercially mined the deep ocean. Iceberg Research estimates the real NPV at negative \$721M, citing offshore costs 3.8-4.8x TMC's projections (\$136-170/wt vs. \$36/wt) and processing costs 57% above assumptions.¹⁷

Mitigant: Iceberg's analysis was based on the 2021 IA, not the SEC-compliant August 2025 PFS. Korea Zinc's \$85.2M investment at \$4.34/share — from the world's largest non-ferrous smelter — constitutes independent technical validation that the project is economic. The imminent Allseas definitive agreement renegotiation will provide actual contracted costs. PAMCO's February 2025 smelting milestone demonstrated commercial-scale processing.

Dilution Risk

Bear: Shares grew 27% in 15 months (340.7M to 433.2M). TMC filed an unlimited S-3 shelf in March 2026. Total project capex of \$4.9B against \$117.6M cash means massive future raises.¹⁰

Mitigant: Capital-light model: TMC and Allseas each contribute \$113M pre-production. The EO directs DFC, EXIM, DoD, and DoE to explore financing. TMCR royalty listing, Korea Zinc refinery pathway, and potential Brownsville government financing reduce dilutive equity needs. Strategic partners have absorbed most

recent dilution at higher prices.

Political and ISA Risk

Bear: Trump could lose interest; a future administration could reverse course. ISA is investigating potential contract breaches by TMC's NORI and TOML subsidiaries. Exploration contracts expire July 2026 (NORI) and January 2027 (TOML).¹⁶

Mitigant: Deep-sea mining has bipartisan support as a critical minerals security issue. The DSHMRA framework is statutory law, not an executive order — it survives any administration. TMC's US application operates under domestic law independently of ISA contracts. Even if ISA contracts are not renewed, the US permit pathway remains intact.

9. Catalysts (Next 6–12 Months)

1. Updated Allseas Definitive Agreement — Imminent

CEO Barron stated on the Q4 2025 earnings call (March 27, 2026) that the renegotiated commercial agreement with Allseas would be completed 'in the coming days.'¹⁶ This will reveal actual contracted offshore economics and directly address the core of Iceberg Research's short thesis. Any cost structure at or below PFS assumptions eliminates the primary bear argument and forces a re-rating.

2. NOAA Full Compliance and EIS Initiation — H1 2026

Substantial compliance (March 9) was step one. Full compliance certification triggers the formal Environmental Impact Statement process — the last procedural hurdle before permit issuance.⁵ Each milestone narrows permit denial risk and draws in institutional investors who have been waiting for regulatory clarity.

3. Bankable Feasibility Study — October 2026

The BFS will provide project finance-grade economics — the threshold required for major banks, infrastructure funds, and sovereign wealth funds to participate. At the sector-typical 15–20% Market Cap/NPV ratio for BFS-stage projects, TMC would trade at \$8–\$11 on BFS publication alone — before the permit or first production.²

10. Conclusion

**Recommendation: BUY | LONG TMC | Nasdaq: TMC | Price Target: \$12.00 | Upside: +156% |
Timeframe: 12 Months**

TMC is a generational asymmetric trade. It controls the world's largest undeveloped polymetallic resource — 15.5 Mt nickel, 12.8 Mt copper, 2.0 Mt cobalt, 345 Mt manganese — at a time when the United States has declared critical mineral independence a national security imperative and the Trump administration is actively

clearing the regulatory path.

The stock trades at \$4.68 against a PFS-derived NAV of \$12.70/share (NORI-D alone) and a combined NAV of \$54.48/share. Analyst consensus is Strong Buy with an average target of \$9.88. The Allseas definitive agreement, NOAA full certification, and BFS publication in the next 6-12 months represent sequential de-risking catalysts that should progressively close the NAV discount. With 12.6% short interest and 4.1 days to cover, any positive catalyst carries squeeze potential.

Our 12-month price target of \$12.00 reflects a re-rating to approximately 50% of NORI-D PFS NAV — still a significant discount to the full resource value — representing 156% upside from current levels. We rate TMC a conviction BUY.

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