

Deep Seabed Mining Payment Regime
Workshop #3: Exploring a Financial Model and Related Topics

Wednesday, April 19 – Friday, April 21

Paradiso Room, Level 3
Grand Copthorne Waterfront Hotel
Singapore

Meeting Agenda

Workshop Objectives:

- Introduce a working financial model and discuss the variables and how variations in business/operating models across the contractor base (value chain) can impact the model;
- Gain a common understanding of how a financial model can assist in developing a payment regime;
- Identify and explore additional building blocks of a payment regime (e.g., ISA costs, environmental costs, sponsoring states costs);
- Examine how the payment regime could support technology development and innovation;
- Introduce and explore risk and cost allocation themes; and
- Consider what policy approaches will best achieve the desired incentives, allocation of costs, and allocation of risks from an environmental perspective.

Desired Outputs:

- Working financial (cost and revenue) model for use moving forward;
- A document encapsulating thinking on other issues related to the payment regime; and
- Plan for how to move the financial model and other issues forward to the LTC and ISA.

Tuesday, April 18

14:00 – 17:00 Keppel Shipyard Tour

- Meet in the Grand Copthorne Waterfront Hotel lobby to board the bus

18:00 – 19:30 Welcome Reception (*Promenade, Pavilion 2, Grand Copthorne Waterfront Hotel*)

Wednesday, April 19

8:30 – 9:00 **Coffee and Light Continental Breakfast**

9:00 – 9:30 Welcome, Introductions, and Agenda Overview

- Welcome remarks – *Ambassador Karen Tan, Ministry of Foreign Affairs, Singapore*
- Participant introduction
- Overview of agenda and participation ground rules – *Paul De Morgan, RESOLVE*

9:30 – 10:00 DSM Payment Regime Developments to Date

- Review of DSM Payment Regime Workshops #1 and #2 – *Chris Brown*
- Update on regulatory development – *Chris Brown*

- 10:00 – 10:30 A Working Financial Model: An Introduction and Project Boundaries
- Overview of Financial Model components (Glossary of Terminology) – *Norm Kaneshiro, USKR*
- 10:30 – 11:00 **Break**
- 11:00 – 12:30 A Working Financial Model: Methods and Case Study Input
- Detailed review of development methods and inputs to case study – *Kris Van Nijen, GSR*
- 12:30 – 13:30 **Lunch**
- 13:30 – 15:30 A Working Financial Model: Results and Discussion
- Describe results of model in more detail
 - Building on overview of working financial model discuss:
 - Known and unknown variables
 - Variations in business/operating models
 - How a financial model informs development of a payment regime
- 15:30 – 16:00 **Break**
- 16:00 – 16:20 Payment Regime for Deep Seabed Exploitation Versus Land Customary Regime of Different Countries
- Overview – *LIU Feng, COMRA*
 - Questions
- 16:20 – 16:45 Commodities Market/Pricing
- Introductory overview – *Ian Potter, Lion City Capital*
 - Questions
- 16:45 – 17:30 Royalties: An Introduction
- Overview of royalty discussions thus far and in particular proposed use of an ad valorem royalty – *Chris Brown*
 - Initial discussion of the role of royalties and the type of royalty to utilize
 - How to value a nodule? And how/where to apply?
 - Thoughts on the “light” and “normal” approach
 - Other approaches to consider
- 17:30 – 17:45 Reflections on Day One and Looking Forward to Day Two
- Brief recap of day one highlights and thoughts for day two agenda
- 17:45 Adjourn to Dinner
- 19:00 – 21:00 **Dinner** (*Skysuites at Equinox, Swissôtel The Stamford, 2 Stamford Road*)

Note: Participants are asked to arrive at the restaurant no later than 19:00

Thursday, April 20

- 8:00 – 8:30 **Coffee and Light Continental Breakfast**
- 8:30 – 8:45 Welcome, Introductions, and Agenda Overview
- Highlights from Day 1
 - Objectives Day 2
- 8:45 – 9:00 Additional Aspects of the Cost Model: Environmental Considerations
- Introduction to anticipated environmental compliance/regulatory requirements – *Chris Brown*
 - Questions and discussion
- 9:00 – 10:00 Additional Aspects of the Cost Model: Environmental Considerations
- Brief review of possible environmental incentives/fiscal tools – *Dale Squires, UCSD*
 - Participants share perspectives
 - Questions and discussion including how to support technology development and innovation
- 10:00 – 10:30 **Break**
- 10:30 – 11:15 Risk and Cost Allocation: Possible Risks Associated with Deep Seabed Mineral Extraction
- Overview of what can go wrong: set the scene for the types of events that might need to be covered – *Sam Smith, Blue Globe Solutions*
 - Questions and discussion with focus on hearing a range of additional perspectives
- 11:15 – 12:15 Open Discussion – Exact Topics to be Defined by Prior Conversations
- 12:15 – 13:15 **Lunch**
- 13:15 – 13:30 Introduction to Breakout Groups
- 13:30 – 15:30 Breakout Groups
- Each group begins with one question and then moves on to the next question
 - Approach: answer question and discuss implications for the financial model and the payment regime
 - Questions under development
- 15:30 – 16:00 **Break**
- 16:00 – 17:15 Breakout Group Reports
- Focus on implications of discussions on the payment regime
- 17:15 – 17:30 Reflections on Day One and Looking Forward to Day Two
- Brief recap of day one highlights and thoughts for day two agenda
- 17:30 Adjourn for the Day

Friday, April 21

- 8:00 – 8:30 **Coffee and Light Continental Breakfast**
- 8:30 – 9:00 Welcome, Introductions, and Agenda Overview
- Highlights from Day 2
 - Objectives Day 3
- 9:00 – 10:30 Enhancing the Financial Model
- Discussion of implications of potential policy approaches explored earlier
 - Identifying “unknowns” for ISA process / further research
 - Initial thoughts on next steps for financial model
- 10:30 – 11:00 **Break**
- 11:00 – 12:15 Developing a Payment Regime: Key Questions and Ideas for the ISA
- Discussion of implications of potential policy approaches explored earlier
 - Thoughts and ideas to factor into ISA discussions: how payment regime in widest sense can support policy objectives and contribute to policy-making?
- 12:15 – 13:15 **Lunch**
- 13:15 – 15:30 Other Issues
- Additional and/or carry-over issues as appropriate
- 15:30 – 16:00 **Break**
- 16:00 – 17:15 Pulling it All Together
- Review outcomes versus objectives
 - Next steps – co-operation and collaboration
- 17:15 – 17:30 Closing Remarks and Acknowledgments
- 17:30 Adjourn Meeting