



Nautilus Response March 26, 2018

Thank you for the opportunity to comment on the recent media report about Nautilus' proposed seabed mining activities in Milne Bay, Papua New Guinea.

Key Points

1) Not been tested:

We tested our technology in FAT in the UK and USA. We have completed further submerged trials in PNG, and plan further trials and tests prior to Project start up.

2) Waste:

There will be no tailings or large engineered waste dumps (as occurs on land). The return water is filtered to 8 microns prior to being returned to the water depth from where it originally came from. This is all detailed in our EIS, which the Professor clearly has not bothered to read.

3) Currents:

Nautilus completed 12 months of detailed current studies at Solwara 1. The measurements showed that the current at 1500m was actually relatively slow, generally moving at around 0.5 of a knot, and was diurnal (influenced by the moon). The full water column current data also showed there were no upwelling currents and no mixing of the water column at the proposed mine site. All of this work is detailed in the company's EIS, which was submitted to the PNG Government in 2008, and is available on our web site.

4) Tuna:

The West Coast of New Ireland has very poor tuna abundances due to a lack of large river run-offs (as occur in the main Bismarck Sea with rivers feeding in from the mainland). Maps detailing this are in our EIS, which once again the Professor has not read.

5) Consultation:

There has been extensive consultation with various stakeholders, over >10 years, including extensive village based consultation. Professor Kaluwin actually attended the company's EIS inception report workshop in POM in 2007, along with various international scientists, researchers, provincial government representatives, regulators, and other stakeholders.

6) Additional Information

Just to clarify, the Solwara 1 Project is 35km off the coast of New Ireland and 50 km from the coast of East New Britain. It is not anywhere near Milne Bay.

The Solwara 1 site where we propose to commence mining operations is one of the best studied deep sea ocean sites on the entire planet. The Company's work has been reviewed by external independent experts for the PNG government, the International Seabed Authority, and for external sources (eg Earth Economics, Cardno (for SOPAC), etc). All of these reviews have confirmed that seabed mining has limited environmental impacts, and has positive net benefits. The studies also have confirmed the company's projections that;

- There will be no impacts from mining above 1,300m bsl, or beyond the Mining Licence
- There will be no impact on tuna fisheries, or reefs
- The area directly impacted by mining will comprise ~0.1km²
- There will be no tailings or engineered waste dumps, unlike land based mining

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- No communities are directly affected (the site is ~35km offshore from West Coast of New Ireland), and approximately 1,600 meters below sea level
- No landowners require resettlement, and
- Seafloor mining will have a positive net benefit, even after calculating ecosystem function impacts.

Nautilus has an open door and transparent policy for all concerned stakeholders. Nautilus has worked with scientists and representatives from University of PNG, Coffey Natural Systems, Woods Hole Oceanographic Institute (WHOI), CSIRO, Scripps, University of Toronto, Duke University, Darwin University, Australian National University, James Cook University and others. Nautilus has organised scientific forums to discuss and share data and is helping to advance understanding of the deep sea.

Our EIS had contributions by a broad range of experts and leading academics in the field. It showed that impacts are confined to deep seafloor without contaminating coastal reefs or fisheries. Mitigation measures have been identified to make operation ecologically sustainable. The Environmental Permit that was issued by CEPA in 2009 in accordance with the Environment Act 2000 contains 77 Conditions addressing all the impacts identified by the EIS which will be addressed in the Environmental Management and Monitoring Plans (EMMP). Nautilus has been working with CEPA on its EMMPs. They have been developed by a range of expert consultants and Nautilus staff. It addresses the actions required during operations to comply with all permit conditions. Like the EIS which was independently reviewed by Cardno on behalf of CEPA the EMMP will also be independently reviewed.

Independent expert observers will be on the vessel to ensure that Nautilus is complying with the permit conditions. These observers/experts will be chosen after meaningful consultation with the provinces and verification of their expertise.

All levels of Government and the communities in New Ireland closest to our project are supportive of the Project. We continue to receive strong local support for the project as a result of ongoing health, education and infrastructure improvement programs and regular awareness meetings in coastal communities. Consultation has reached over 30,000 people in the past 10 years, and we continue with active awareness programs.

There are seven "wards" in the coastal area that is closest to the mine site. The Company does extensive awareness within these wards. The Company, along with government representatives from the mining and environmental departments just recently held warden's hearings and information sessions in the coastal area of West Coast New Ireland.

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