Nautilus Minerals - Early Results from the Effort to Commercialize Seafloor Massive Sulphides
Jamaica - March 2011
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Material forward-looking statements and forward-looking information include, but are not limited to statements or information with respect to the Company’s ability to locate, mine and transport ore from the seafloor; estimates of future production; the method of transport and amount of ore from the Company’s Solwara project; estimates of anticipated costs and expenditures; and development and production timelines.

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Nautilus Mission

- To create sustainable value for stakeholders through the discovery and development of mineral resources on the ocean floor
Company

- US$165 million in cash (as of Dec 31, 2010)
- World class partners and investors: Teck, AngloAmerican, Gazmetall

Focus on Seafloor Massive Sulphides

- >500,000 km² exploration tenements western Pacific (as of Sept 30, 2010)
- Large known mineral belts
- High-grade copper, gold, silver and zinc
- High discovery rates: 35 systems to date

Near Term Production from Solwara 1, Bismarck Sea, PNG

- Target production: 30 month project build from board sanction
- Engineering well advanced (24 months work)
- Located in PNG with established regulatory regime
- Approx 1.5 million t/year yielding 80,000-100,000te Cu and approx 150,000 – 200,000oz gold
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The Challenge for the Mining Industry

- Quality of resource grades are dropping
- Most belts are maturing
- Rate of discovery is dropping
- Average discovery costs are rising
- Quality acreage is very hard to find
Why Go to the Sea?

- World’s demand for metals continues to rise
- Every human activity impacts on the environment
- Land resources are stretched
- The seafloor hosts significant resources of minerals.

High tech, high grade, low volume, low waste, small footprint
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Seafloor Massive Sulphides (SMS)

(1) Seafloor Massive Sulphides (SMS)
(2) Formation of hydrothermal vents
(3) Sedimentation of sulphide minerals
(4) Economic value of SMS resources
Known Seafloor Massive Sulphides (SMS)

Map of Discovered SMS Deposits

- Known SMS sites
- Areas of activity as indicated by mid-water chemical anomalies

- Estimated potential 3,000 - 4,000 sites worldwide (Dr Steve Scott, 2008)
- Land fossil record indicates typical size of 2 Mte commercially viable material

Figure after Baker et al., 1995; German and Von Damm, 2004; Hannington et al., 2005; Koschinsky et al., 2006
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Solwara 1

### Indicated

- Tonnage (Mt): 870,000
- Cu %: 6.80%
- Cu tonnes: 59,160
- Au (g/t): 4.8
- Au tonnes: 134,262
- Ag (g/t): 4.18
- Ag tonnes: 643,337

### Inferred

- Tonnage (Mt): 1,300,000
- Cu %: 7.50%
- Cu tonnes: 97,500
- Au (g/t): 7.2
- Au tonnes: 300,931
- Ag (g/t): 48.10
- Ag tonnes: 1,546,451

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Galley et. al. 2008

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**Canadian VMS Deposits - Tonnes Versus Grade**

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**New Vision • New World • New Resources**

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March 2011
VMS deposits – occur in “camps”

VMS Districts of Canada

- Slave ~77 Mt
- Flin Flon ~270 Mt
- Windy Craggy / Nth Cordilleran Myra Falls ~640 Mt
- West Abitibi ~105 Mt
- Noranda, Abitibi ~909 Mt
- Labrador ~12 Mt
- Buchans ~97 Mt
- Bathurst ~516 Mt
Solwara 1 – High Grade Deposit

Solwara 1
11.9% Cu Eq
7.2% Cu

Average = 0.7% Cu

Courtesy of Craig Miller, TD Securities, Mar 2010, Nautilus Minerals NI 43-101 resource
Main growth area within the upstream offshore oil and gas division are:

- Deepwater (greater than 500m) due to shallow water decline
- Floating production – mainly deep water
- Subsea production – both deepwater and many shallow-water tiebacks
- Maintenance, modifications and operations to existing fields.
Small Environmental and Social Footprint

- Minimal infrastructure
- Limited social disturbance
- Minimal overburden or stripping
- Increased worker safety
- Minimal waste

Environmental Permit Granted from Papua New Guinea Authorities December 2009
# Illustrative Single SMS Mining Vessel Potential

<table>
<thead>
<tr>
<th>Element</th>
<th>Illustrative Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Production</td>
<td>1.5 million tons ore</td>
</tr>
<tr>
<td>Assumed Copper / Gold Recovery**</td>
<td>90% / 80%</td>
</tr>
<tr>
<td>Annual Copper Production</td>
<td>95,000 t/y Cu</td>
</tr>
<tr>
<td>Annual Gold Production</td>
<td>220,000 Oz/yr</td>
</tr>
<tr>
<td>Annual Copper Revenue @ $1.80/lb - $3.00/lb</td>
<td>$320 – $540 million</td>
</tr>
<tr>
<td>Annual Gold Revenue @ $700 - $1000 / Oz</td>
<td>$180 – $250 million</td>
</tr>
<tr>
<td>Annual Total Revenue</td>
<td>$500 - $790 million</td>
</tr>
<tr>
<td></td>
<td>$330 - $530 per ton ore</td>
</tr>
</tbody>
</table>

* Values are for illustration of the potential of seafloor mining equipment and are not necessarily representative of the Solwara 1 project

** Copper and gold recovery are assumed here for illustrative purposes. Solwara 1 recoveries will depend on the treatment.
Talk Outline

1. Why go to the sea?
2. What are SMS systems?
3. The business case
4. The challenges
5. How are we going to do it
6. Obtaining AND maintaining a license to operate
Potential Impacts (note: cartoon only)

PNG

International

Potential Impacts:
- lighting
- noise
- routine discharges (MARPOL)
Similar to shipping and exploration surveys

Potential Impacts:
- Material and habitat removal
- Plumes
- Light
- Noise

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Please note: Diagram not to scale
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Project/Target Generation: Tow-yo

Fledermaus scene file – showing MBES seafloor topography draped with backscatter data, real-time tow-yo track visualization and historical Tow-yo section showing plume turbidity anomaly anomaly
<table>
<thead>
<tr>
<th>Prospects</th>
<th>Cu % *</th>
<th>Zn %*</th>
<th>Au g/t*</th>
<th>Ag g/t*</th>
<th>Grab Sample Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solwara 2</td>
<td>1.1</td>
<td>24.2</td>
<td>10.8</td>
<td>345</td>
<td>67</td>
</tr>
<tr>
<td>Solwara 3</td>
<td>0.5</td>
<td>11.0</td>
<td>30.6</td>
<td>3375</td>
<td>2</td>
</tr>
<tr>
<td>Solwara 4 (+8)</td>
<td>11.1</td>
<td>23.0</td>
<td>14.9</td>
<td>259</td>
<td>54</td>
</tr>
<tr>
<td>Solwara 5</td>
<td>6.0</td>
<td>8.3</td>
<td>14.6</td>
<td>282</td>
<td>12</td>
</tr>
<tr>
<td>Solwara 6</td>
<td>11.7</td>
<td>18.4</td>
<td>16.1</td>
<td>203</td>
<td>7</td>
</tr>
<tr>
<td>Solwara 7</td>
<td>5.1</td>
<td>21.5</td>
<td>15.0</td>
<td>359</td>
<td>8</td>
</tr>
<tr>
<td>Solwara 9</td>
<td>6.3</td>
<td>10.6</td>
<td>19.9</td>
<td>296</td>
<td>17</td>
</tr>
<tr>
<td>Solwara 10</td>
<td>7.7</td>
<td>15.2</td>
<td>2.5</td>
<td>165</td>
<td>12</td>
</tr>
<tr>
<td>Solwara 11</td>
<td>1.6</td>
<td>16.9</td>
<td>1.2</td>
<td>180</td>
<td>26</td>
</tr>
<tr>
<td>Solwara 12</td>
<td>7.0</td>
<td>22.6</td>
<td>13.7</td>
<td>425</td>
<td>10</td>
</tr>
<tr>
<td>Solwara 13</td>
<td>9.1</td>
<td>30.7</td>
<td>4.7</td>
<td>546</td>
<td>7</td>
</tr>
<tr>
<td>Solwara 14</td>
<td>1.4</td>
<td>19.2</td>
<td>3.3</td>
<td>97</td>
<td>14</td>
</tr>
<tr>
<td>Solwara 16</td>
<td>2.1</td>
<td>18.6</td>
<td>2.8</td>
<td>105</td>
<td>6</td>
</tr>
<tr>
<td>Solwara 18</td>
<td>0.3</td>
<td>19.6</td>
<td>0.2</td>
<td>110</td>
<td>2</td>
</tr>
</tbody>
</table>

Figures current as of March 2010

* Note – mean values of surface grab samples

Solwara 15 not sampled. Solwara 17 and 19 are sulphate systems and only weakly mineralised at surface. All three systems require additional evaluation to assess their true potential.
Solwara 1 Project

- Located in the Bismarck Sea, PNG, at 1600m water depth
- 43-101 Resource: 1300 kt Inferred. 870kt Indicated*
- Environmental permit granted Dec 2009
- Mining lease granted Jan 2011
- Production plan - 1.3 million t/year containing 80,000 tonnes Cu and approx 150,000 – 200,000oz gold
Plan Overview

Seafloor Production System
- Production Support Vessel (PSV)
- Riser and Lifting System (RLS)
- Subsea Slurry Lift Pump (SSLP)
- Seafloor Production Tools (SPTs)

Onshore Stockpile and Port Facility

Barge

Ship Ore

Concentrator

Ship Concentrate
Definition and Cost Study

- Competitive operating cost and low capital cost
  - US$70 per tonne offshore production cost (to Port of Rabaul with 10% contingency)
  - US$383 million CAPEX (for offshore equipment with 17.5% contingency)

- 30 month build schedule
  - SMD contract suspension released April 2010
  - Variation Order issued for revised seafloor tool configuration June 2010
Seafloor Production Tools (SPTs)

- Soil Machine Dynamics (UK) contract to design and build
  - Experts in deep sea ROV and trenching machine design
  - US$84 million contract for three specialised machines
  - Includes control systems and associated umbilicals, handling, and deck equipment
- Engineering has been underway for over two years

- Gathering Machine
  - slurries cut ore with seawater and transfers to RALS

- Auxiliary Cutter
  - cuts ore on uneven surfaces; benching the site

- Bulk Cutter
  - cuts ore at high rates on areas benched by Auxiliary Cutter

- Collecting Machine
  - creates slurry of ore with seawater and transfers to RALS
Riser and Lifting System (RALS)

- Awarded a US$116 million target price EPCM contract to Technip USA in 2008
  - World leaders in their field
  - Ready for procurement
- Riser pipe handling equipment off the shelf
- Riser pipe design includes straking and a flexible joint at the vessel interface
- Pump by GE Hydril

Derrick and Draw Works (riser handling equipment)

Streaked and Unstraked Riser Pipes (avoids current induced vibrations)

GE Hydril Slurry Lift Pump
Image courtesy of GE Hydril Inc
Production Support Vessel (PSV)

- Platform to support production operations
- DP vessel – class 2
- Large deck space
- 28 MW power
- 140 personnel accommodation
- Typical of large offshore construction vessel
Port and Materials Handling

- Barges transport ore to Rabaul
  - Chartered or purchased – TBD
- Unloading, stockpile and export loading
  - Covered stockpile and material handling equipment
- Agreement in place with PNG Port Authority
- Improvements to existing berths

Solwara 1 to Rabaul barging route – 40km

Rabaul; deepwater, protected active port facility

Draft engineering layout for ore storage, loading and unloading
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Permitting Status

- Environmental Impact Statement (EIS)
  - Submitted Q3 2008
  - PNG Govt. independent review by Australian consultant
  - Statutory public consultation completed

- Environmental Permit
  - Granted December 2009

- Mining Lease (ML)
  - Submitted in Q3 2008
  - Wardens Hearing completed Q2 2009
  - Granted January 2011

- Community Engagement
  - Village roadshows
  - Town hall meetings
  - Key stakeholder workshops
Granted Permits

- Governed by 2 Principle Acts:
  - ML: *Mining Act 1992*
Community Awareness - ongoing

SOLWARA 1 PAPUA NEW GUINEA
PROJECT COMMUNITY CONSULTATION PROGRAM

Major focus

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March 2011

New Vision • New World • New Resources
Consultation Methods

NAUTILUS MINERALS
Toksave buk

Niupela Visin • Niupela Wol • Niupela Risos

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New Vision • New World • New Resources © Nautilus 2011 March 2011
Training and Up-Skilling PNG

Employment
- Currently ~20% of Nautilus full time employees – PNG Nationals (May 2010)
- Nautilus’ ultimate goal is for project workforce to be PNG Nationals
- Currently engaged in programs to encourage skill and capacity building in PNG

Supporting Education
- Nautilus-Duke Opportunity Bursary
- Training in state-of-the-art techniques under supervision of world renowned deep sea ecologists
- Initiative short-listed for an Asian Mining Congress Sustainability Award
Community Assistance in Tonga

- Health
  - Dental equipment
  - Equipment/supplies that will improve delivery of service in the A&E/Casualty/Outpatients ward

- Education
  - Provision of marine scholarships and participation of trainees in exploration cruises
  - Sponsorship of the University of Canterbury’s EcoCare Pacific Trust National High School Science Competition

2009 Suction Units - Dental Vaiola Hospital

Teachers and Students who participated in the EcoCare Project
Case for Deep Sea Mining

✓ Resources on land are becoming “lower quality” and/or have significant environmental/social/cultural issues.

✓ Technology is available now.

✓ Metal prices support development.

✓ Permitting is possible.

✓ Will “benefit mankind” if done properly.
A New Industry, Not Just a Project

nautilusminerals.com
TSX & AIM : NUS

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