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Application for approval of a plan of work for exploration by Tonga Offshore Mining Ltd.

Executive summary**

1. Tonga Offshore Mining Limited, under the sponsorship of the Kingdom of Tonga, is seeking approval to obtain a contract to explore for polymetallic nodules in the area reserved by the International Seabed Authority for developing nations, setting an exciting new milestone for the administration and development of resources within international waters. In carrying out the proposed plan of work, Tonga Offshore Mining intends to provide an example that other developing nations can follow, thereby assisting in ensuring that the resources in the Area are developed sustainably “for the benefit of mankind as a whole”.

2. Tonga Offshore Mining (TOML) is a Tongan incorporated subsidiary of Nautilus Minerals Inc. TOML is ultimately controlled by the laws of the Kingdom of Tonga, but can call on the technical and financial expertise of Nautilus Minerals Inc., the world leader in the commercial exploration and sustainable development of deep sea mineral resources. Nautilus Minerals has among its largest shareholders two of the world’s leading international resource companies, Teck and Anglo American, and is the only company in the world that has been able to successfully explore for polymetallic sulphides, sample, drill and trial mine in water depths greater than 1,500m.

3. To date, the activities of Nautilus Minerals have focused on pioneering the commercial development of seafloor polymetallic sulphides within the exclusive economic zones of south-west Pacific island nations, and Nautilus Minerals is working towards mining on its 100 per cent owned Solwara 1 Prospect in Papua New Guinea by 2013, subject to timely Government approval and financing. Through Tonga Offshore Mining, Nautilus Minerals intends to bring its world-leading deep sea exploration and mining expertise to polymetallic nodules within the Area.

* Reissued for technical reasons on 22 June 2011.

** Submitted by Tonga Offshore Mining Ltd.

4. This application is being submitted to the International Seabed Authority in accordance with the Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area (the “Regulations”), and is divided into sections as set out below:

5. Section 1 provides information about Tonga Offshore Mining, and includes the applicant’s Certificate of Sponsorship issued by the Kingdom of Tonga, as well as the applicant’s Certificate of Incorporation, evidencing the company’s Tongan registration and nationality.

6. Section 2 provides information relating to the area under application, including a list of geographic coordinates defining the area boundary, as well as maps illustrating the location of the application area, which covers a total combined surface area of 74,713 km². The application area lies within the International Seabed Authority Reserved Area, and is divided into six regions:

- Area A is located within Block 2 and covers an area of 10,281 km²;
- Area B is located within Block 15 and covers an area of 9,966 km²;
- Area C is located within Block 16 and covers an area of 15,763 km²;
- Area D is located within Block 20 and covers an area of 7,002 km²;
- Area E is located within Block 21 and covers an area of 15,881 km²;
- Area F is located within Block 25 and covers an area of 15,820 km².

7. Tonga Offshore Mining is qualified to apply within the Reserved Area in accordance with regulation 17 of the Regulations as it is sponsored by and effectively controlled by the Kingdom of Tonga, a “developing” nation.

8. Section 3 provides financial and technical information about Tonga Offshore Mining’s parent company, Nautilus Minerals. The strong financial position of Nautilus Minerals is detailed, as well as its ability to conduct large-scale capital raisings as and when required to fund future exploration work. Nautilus Minerals is publicly listed on the Toronto Stock Exchange (TSX) and on AIM, a market operated by the London Stock Exchange, and in less than two years since listing has raised \$334 million in cash. Nautilus has among its largest shareholders two of the world’s leading international resource companies, Teck and Anglo American, in addition to its largest shareholder, Gazmetall. All of these shareholders have made significant capital investments in Nautilus Minerals, which now has a successful track record of funding and carrying out world-leading exploration programmes. Nautilus’s financial statements since incorporating as Nautilus Minerals Inc. have also been provided to the International Seabed Authority.

9. In regard to technical capabilities, Nautilus is the world leader in the commercial exploration and sustainable development of deep sea mineral resources, and information is provided relating to: Nautilus’s successful exploration programmes to date; Nautilus’s successful development of new deep sea exploration and mining technologies; Nautilus’s expertise in commercializing deep sea resource projects; Nautilus’s strong technical alliance with global partners; Nautilus’s environmental experience and expertise; and Nautilus’s world class management team.

10. This section also shows Nautilus Minerals' commitment and contribution to social development in the countries in which it operates, as well as its extensive employment and training of Papua New Guinea nationals in the fields of geology, geophysics and environmental science, highlighting the company's commitment to training and employment of nationals from developing countries.

11. A description of the equipment and methods expected to be used in Tonga Offshore Mining's exploration programme has also been provided, as well as information concerning its strong capacity to respond to incidents and emergency orders.

12. Section 4 provides a general description and schedule of the exploration programme for the initial five-year period. The objectives of Tonga Offshore Mining's plan of work are to: (a) determine the most efficient and environmentally acceptable method to process and recover nickel, cobalt, copper and manganese from the polymetallic nodules, and define in what form these metals would report in a final product for sale, as well as the related capital and operating costs; (b) decide upon the optimum method to recover the material to surface with the minimum of environmental disturbance, as well as the related capital and operating costs; and (c) define what grade of nickel, cobalt, copper and manganese is required in the polymetallic nodules for economic extraction, and determine through exploration what quantity and density of such material can be identified and delineated in the contract area.

13. This section also demonstrates that Tonga Offshore Mining's plan of work provides for the effective protection of human health and safety, as well as the effective protection and preservation of the marine environment. A description of the programme for oceanographic and environmental baseline studies that Tonga Offshore Mining proposes to carry out is included, as well as the measures that will be taken to prevent, reduce and control possible environmental impacts.

14. It is also ensured that no installations will be established where interference is caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity, and that prior to the commencement of exploration a training programme will be drawn up in cooperation with the International Seabed Authority and the Kingdom of Tonga, and submitted to the Authority for approval.

15. Section 5 contains a copy of the written undertaking signed by the Chairman of Tonga Offshore Mining Limited stating that it will comply with regulation 14 of the Regulations.

16. Section 6 shows that Tonga Offshore Mining has not been awarded any previous contract with the International Seabed Authority.

17. Tonga Offshore Mining plans to successfully develop this project in a way that benefits the people of Tonga, the International Seabed Authority and the international community, and looks forward to working under the International Seabed Authority regime to develop these resources within the Area.

18. TOML is effectively controlled by the Kingdom of Tonga, being subject to the laws and regulations of the Kingdom.