

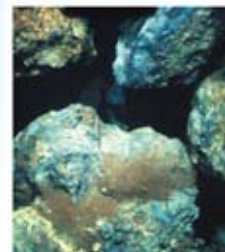
A hypothetical polymetallic sulphide mine in the area.

ISA Workshop

Jamaica 31st July to 4th August

Mike Johnston

– VP Corporate Development



Disclaimer – Australia

This presentation may include certain “forward-looking statements.” All statements, other than statements of historical fact, are forward-looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.

- § The contents of this presentation are confidential. This presentation is being provided to you on the condition that you do not reproduce or communicate it or disclose it to, or discuss it with, any other person without the prior written permission of the Company.



Talk Outline

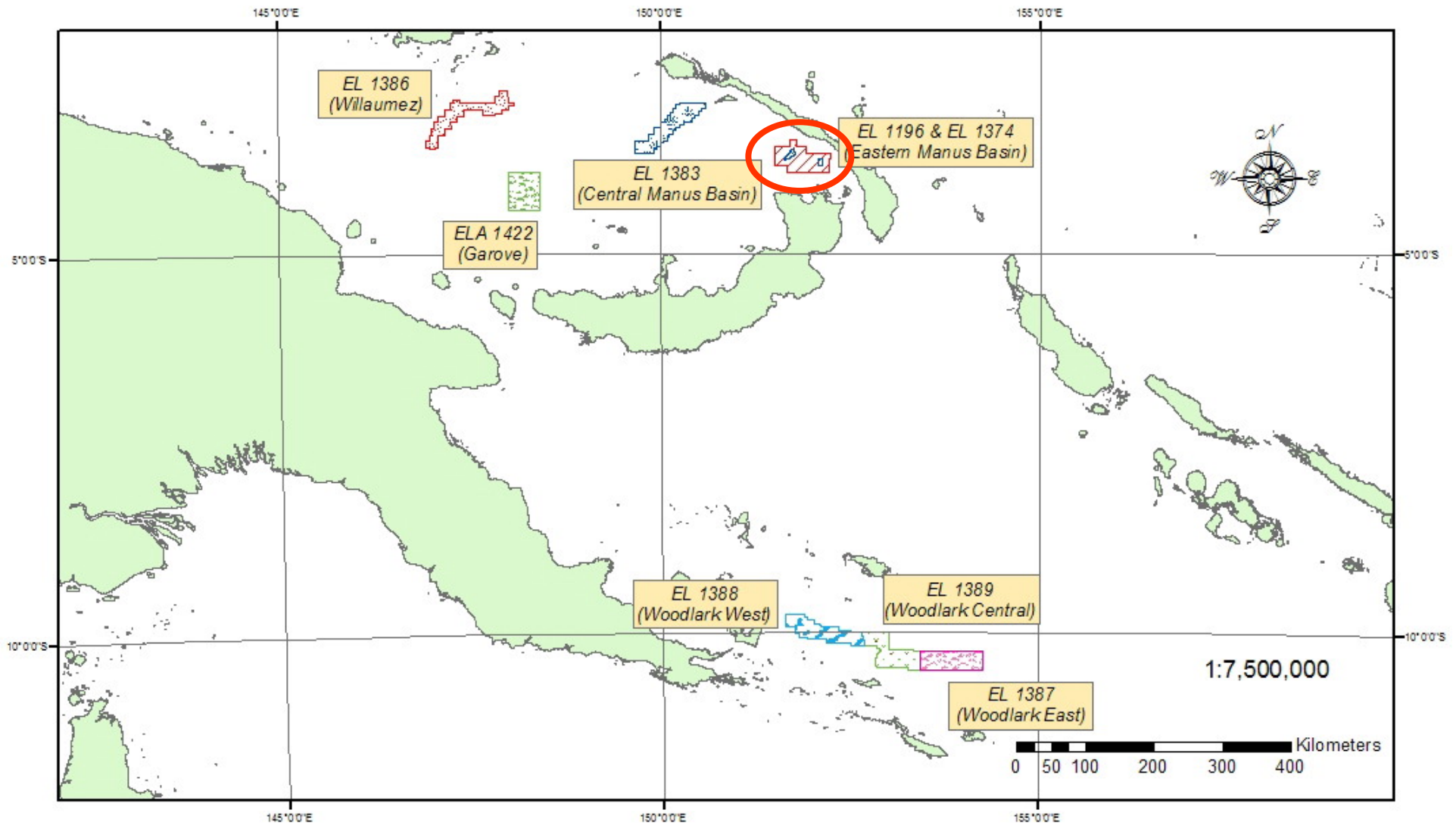
- **Who is Nautilus?**
- **Deep sea mining – what we know**
- **The “model mine” as envisaged today.**
- **What makes mining different.**
- **The benefits.**
- **Conclusions.**

Nautilus – snap shot today

- Raised CAD\$25 mil early May 2006.
- Issued Capital: 49.3 million FD
- Share price: CAD\$2.08 per share .
- Market Capitalisation: CAD\$102 million.
- Barrick Gold: major shareholder (9.5%).
- TSX_V : **NUS**



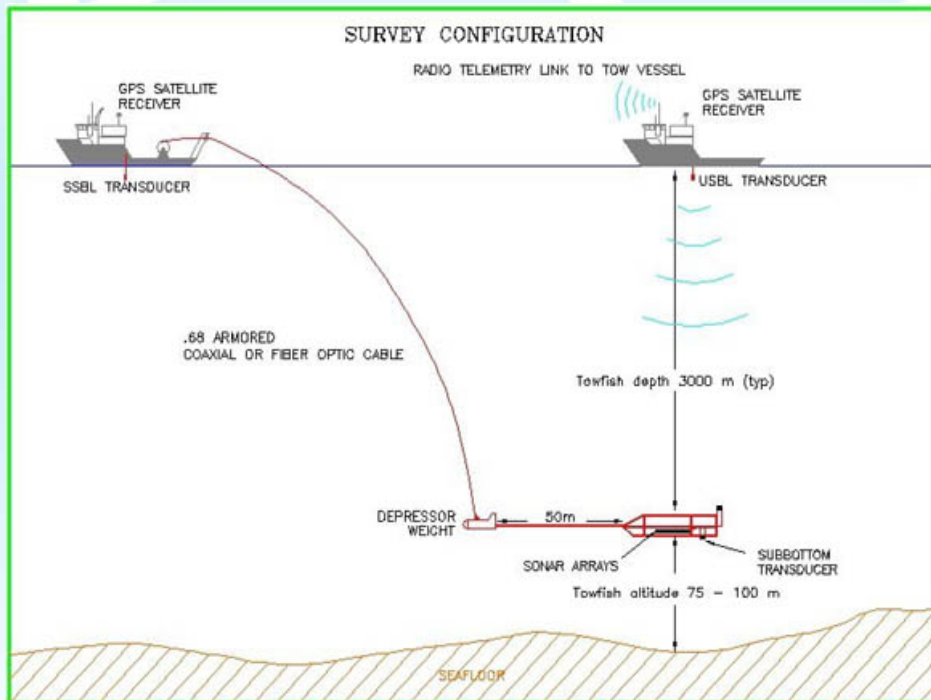
Project Location



Nautilus Minerals
PNG Tenure (as at 1 May 2006)

Nautilus – exploration so far

- 2005 - geophysics and sampling
- 2006 – drilling and cutting tests

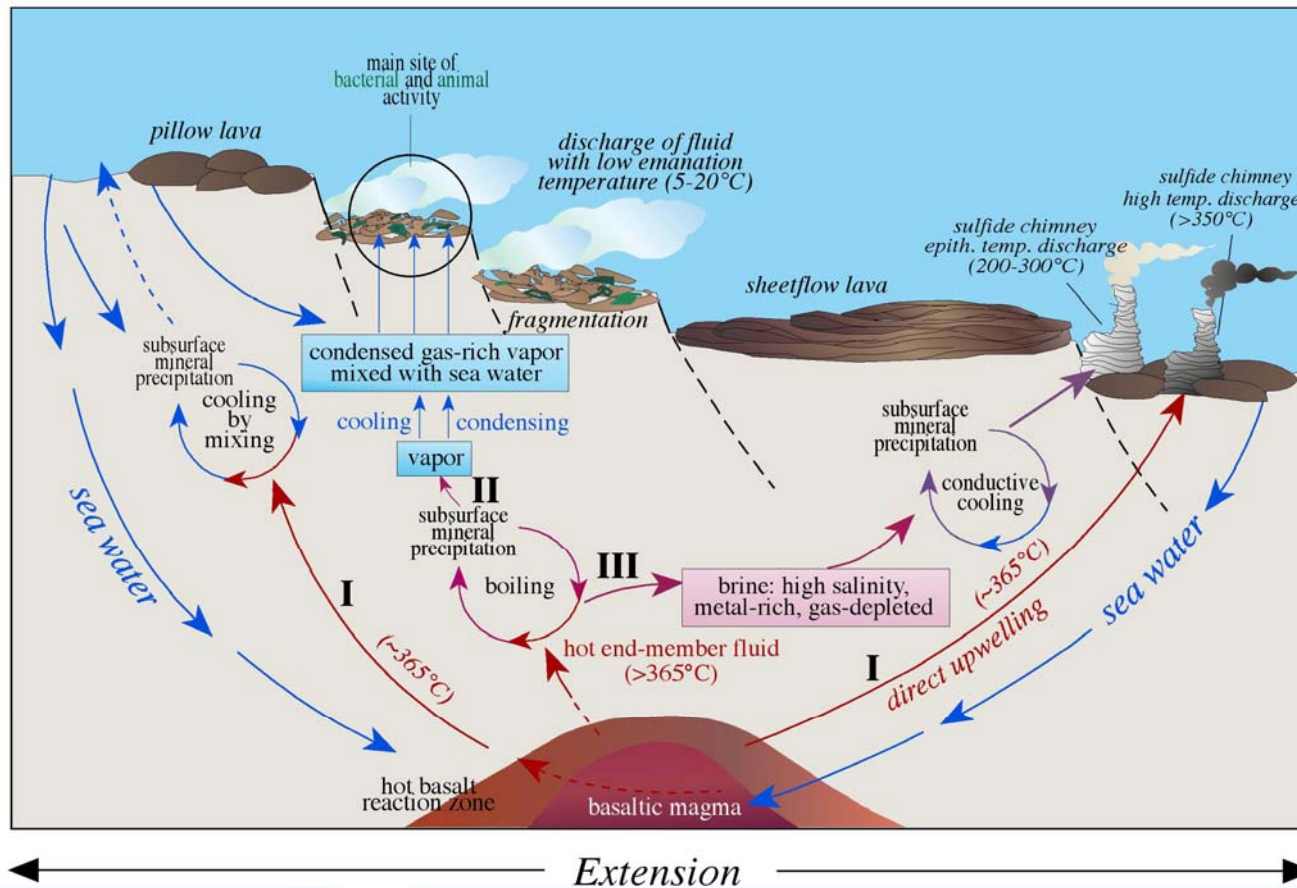


What have we learnt?

- **The “genetic models” hold up well.**
- **High grades present.**
- **Can “cut the material”.**
- **Topography will present engineering challenges.**

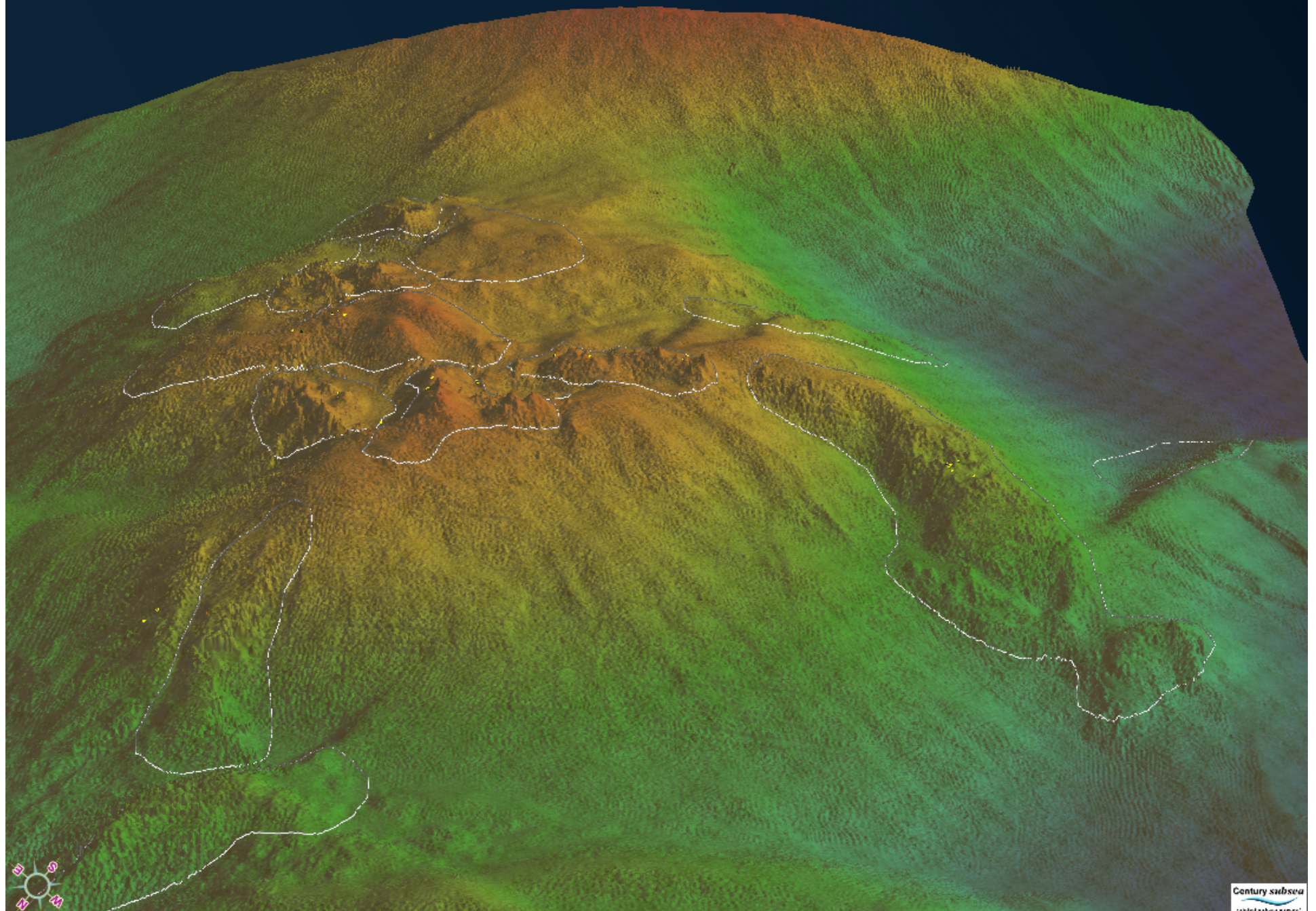
Geology – Genetic Models 3

Sketch of hydrothermal circulation and formation of low- and high- temperature near-bottom fluids (HYFIFLUX-SO 134) (P. Halbach et al. 2000; DeRidge, Bremen)

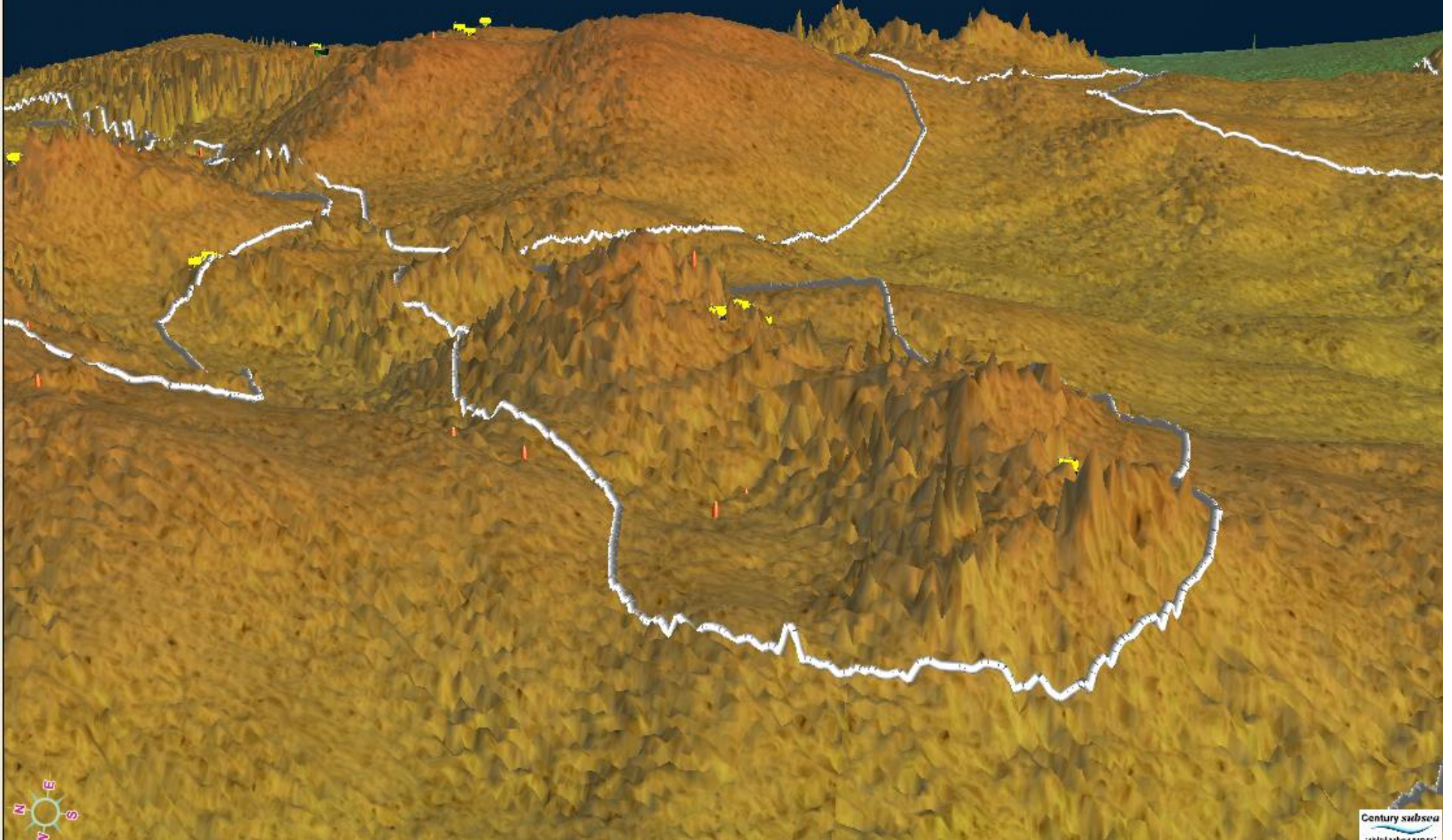


Courtesy Prof. Peter Halbach

Seabed 0.00m Cam 640.79m E 398469.04m N 9582508.00m

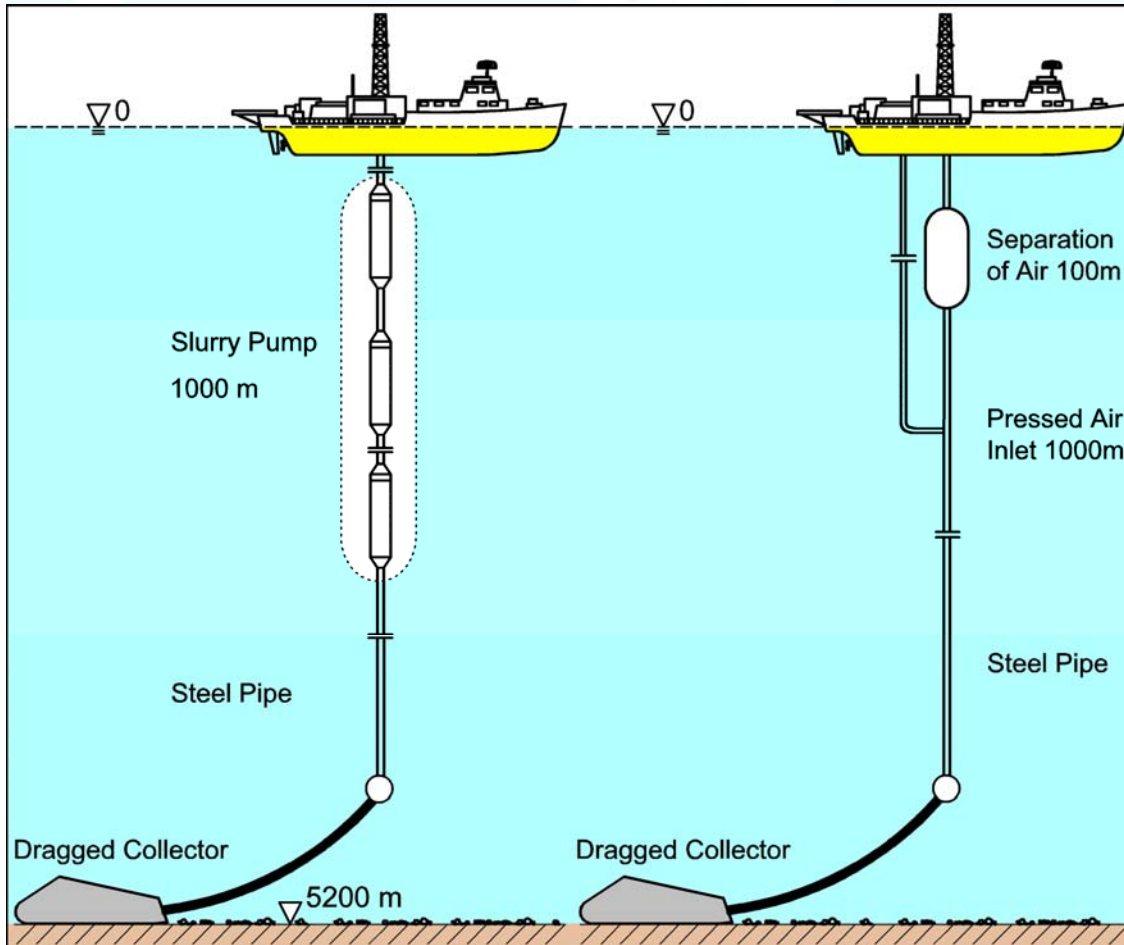


Seabed 1581.47m Cam 1420.70m E 399010.81m N 9581030.87m



Manganese Nodule Mining

5,200m



Polymetallic Sulphide - mining

Worley Parsons Scoping Study - 2003

- Examined the potential for combining technologies from conventional land-based mining equipment with technology used in the offshore oil and gas industry.
- Technip update of the Worley Study commissioned by Placer Dome.
- Studies recommend a mining system comprising:
 - **continuous mining** machine suitably adapted for operation at sub-sea depths of 2000m;
 - Pump or **air lift** material via 300mm riser to vessel on surface.
 - Ore shipped to a **land-based concentrator**. concentrates.

Worley Study– Capex / Opex

1. Mining (17% of Capex)



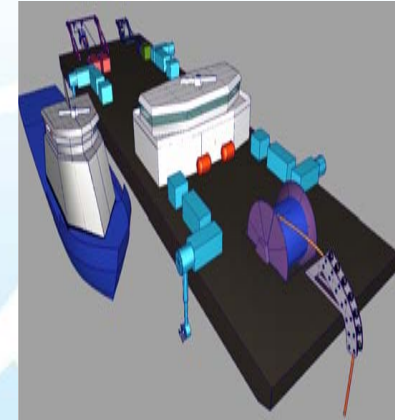
4. Ore Carrier

2. Pumping (11%)



5. Concentrator (39%)

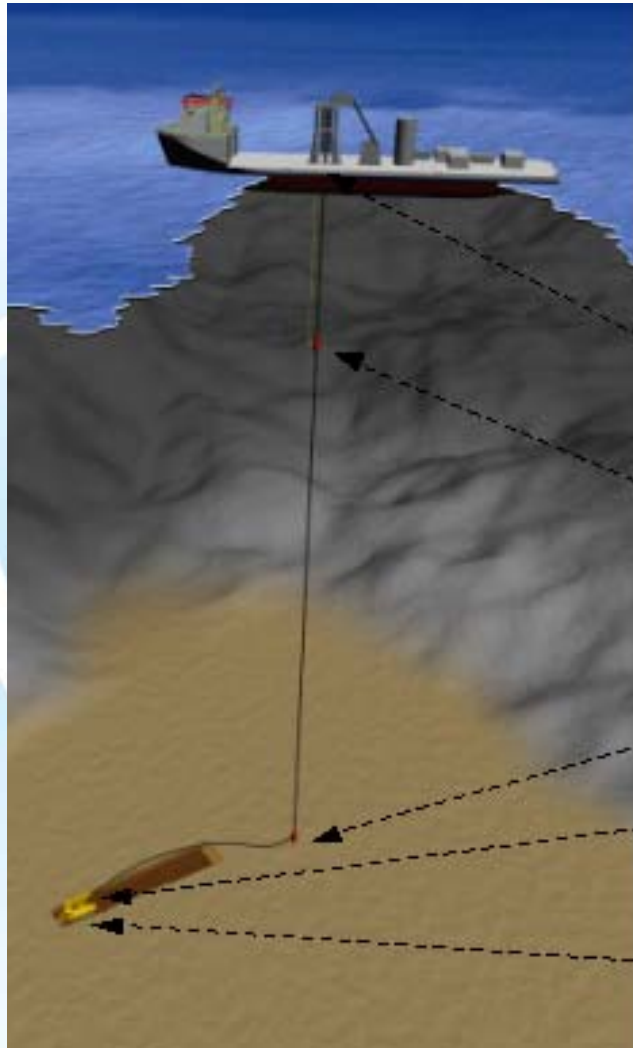
3. Support Platform (26%)



6. Concentrate

- Worley Estimated Capex of USD 260 million
- Opex of USD 48/tonne for 2Mtpa
- Significant opportunity to optimize capital requirements.

Mining System

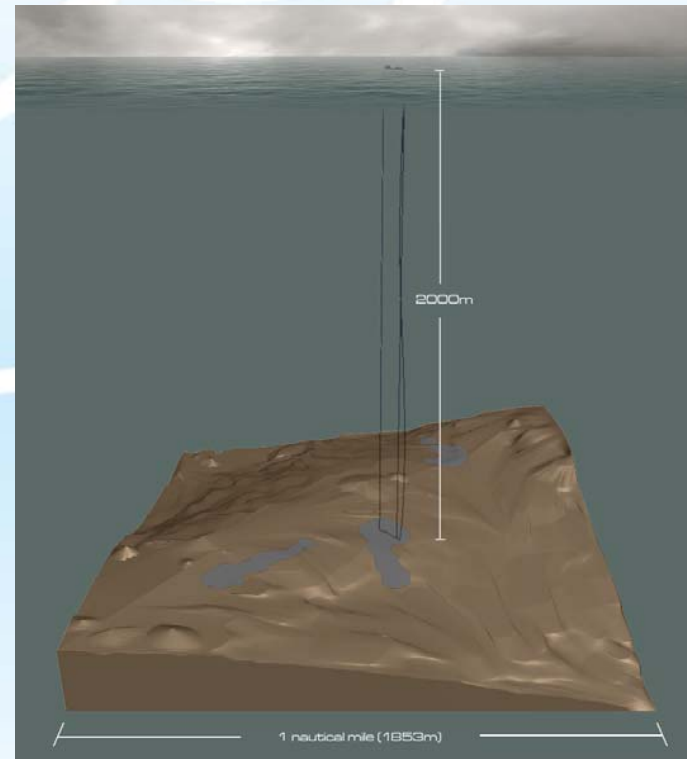
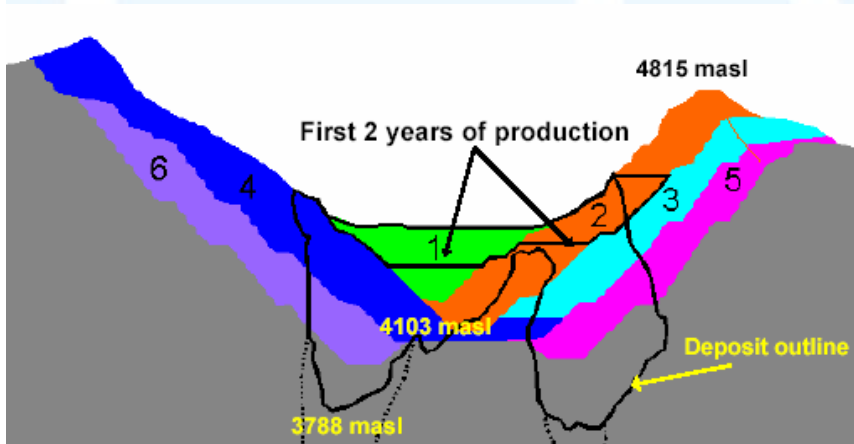


- Riser - 1,620 m flexible, 229 mm ID x 320 mm OD
- Jumper - 200 m flexible, 229 mm ID x 506 mm OD
- Major riser equipment
 - Top end termination Equipment
 - Air lift joint and 51 mm ID flexible
 - Dump Valve with connection to jumper
 - Quick disconnect connector
- Excavator

Environmental /Sustainability

Smaller Footprint

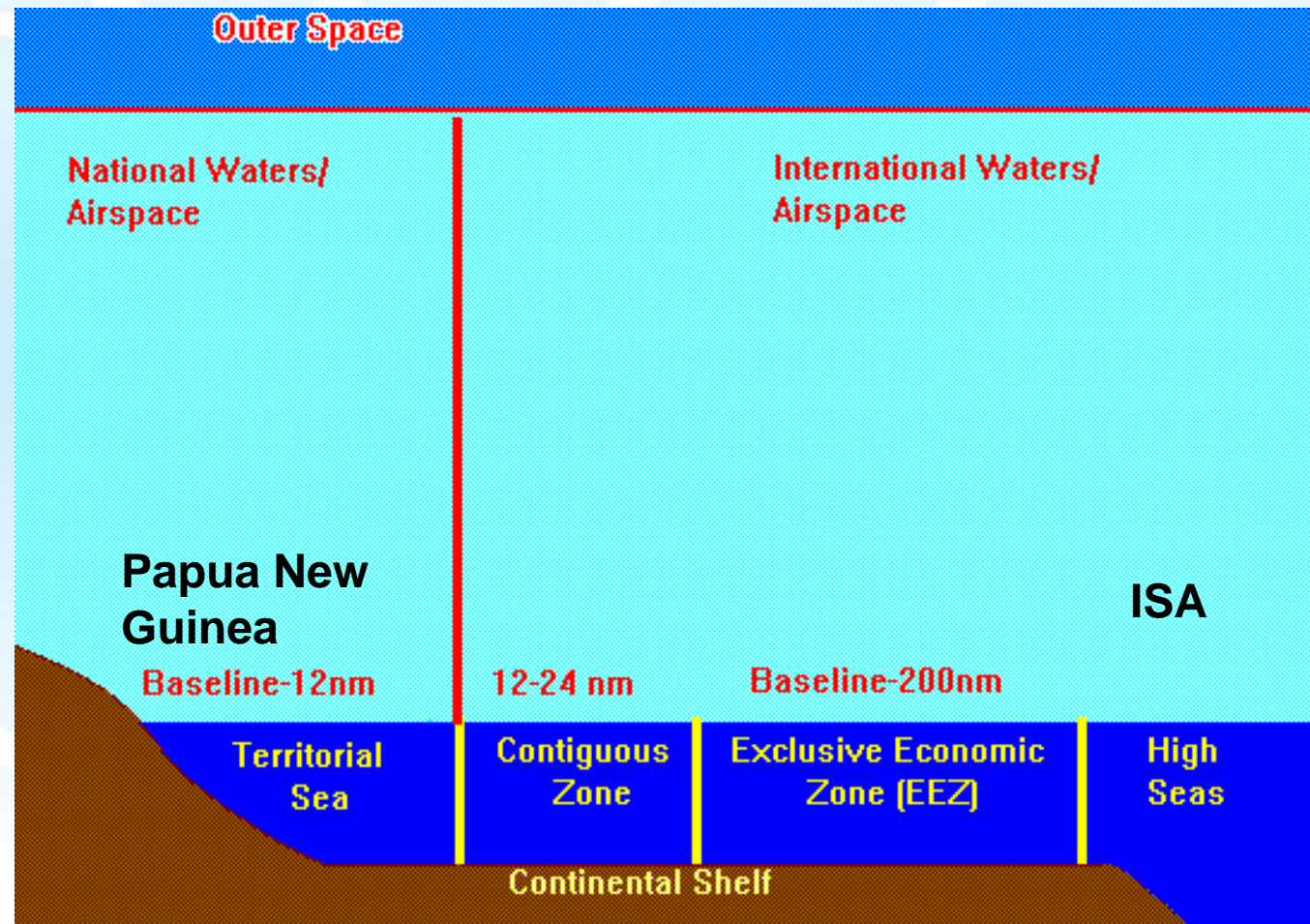
= less waste rock, tailings, land owner/social, greenhouse gases,



Less impact than onshore mine for same metal production

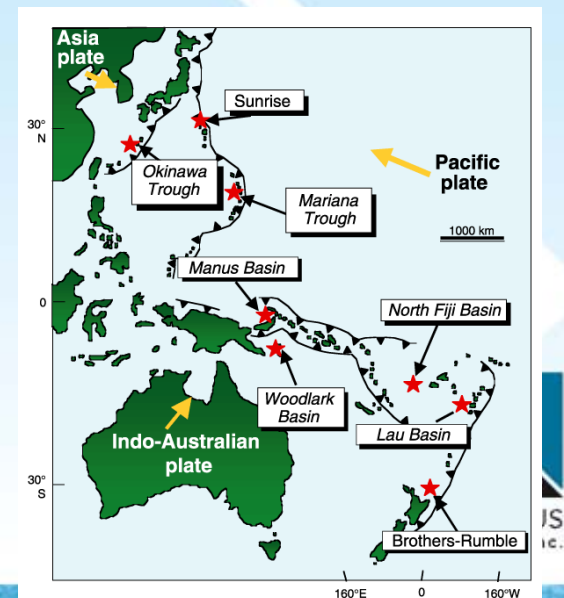
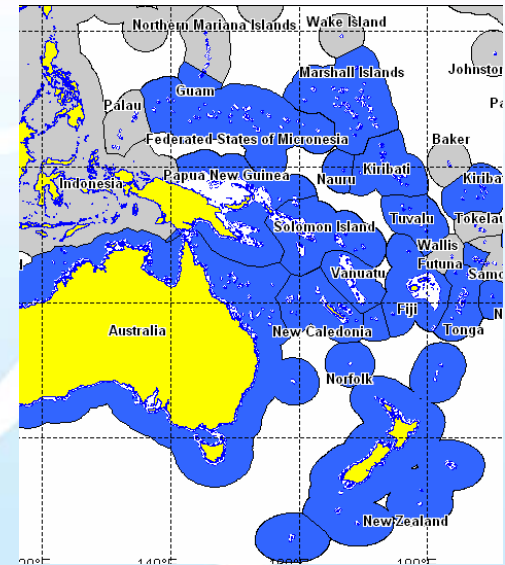
Mining – EEZ vs the AREA

Nautilus is starting in territorial waters



Mining – EEZ vs the AREA

- Polymetallic sulphides occur in many EEZs and in the AREA
- It is likely those in an EEZ will be developed before those in the AREA providing the ISA with environmental information on which to develop its own regulations.
- ISA terms (i.e. “taxes”) are less attractive to development than many State EEZ’s with ISA demanding an onerous 50% participation or 50% product sharing.



What Makes Mining Different?

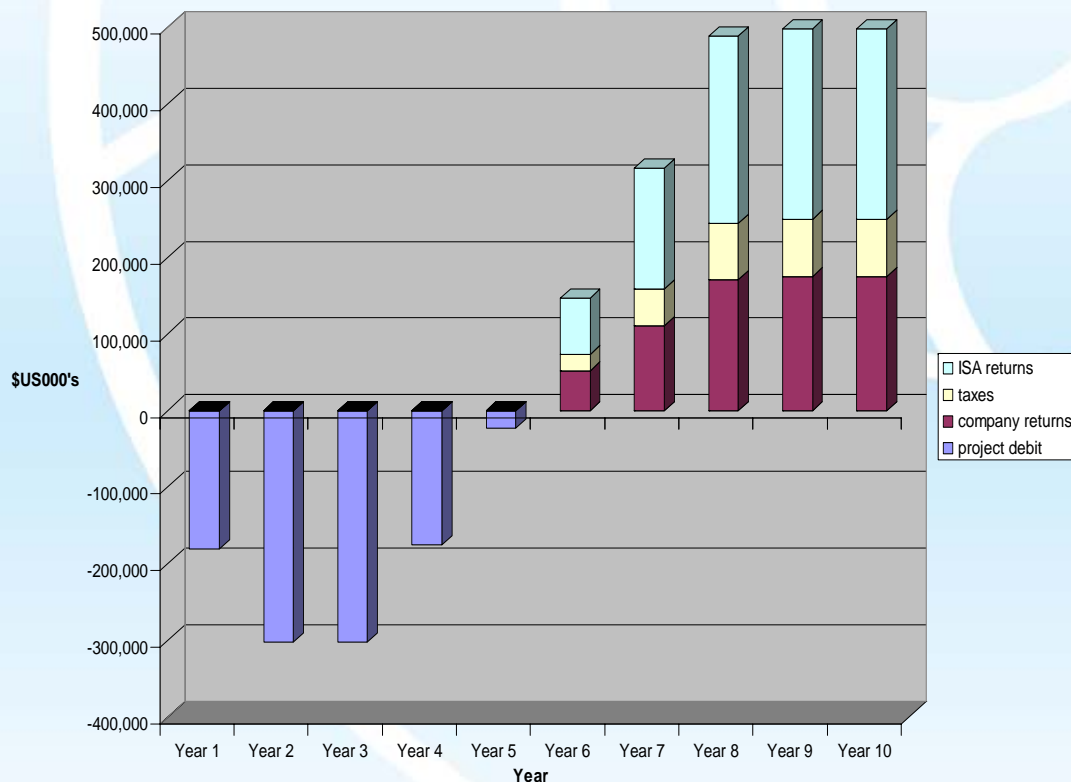
- Most of the **capital is upfront**
- You never know the complete “answer” until the mine is finished.
- The discovery phase (exploration) is very high risk - <math><1:100</math> prospects ever become mines.
- “Taxes” add to the risk.

What are the benefits to mankind?

- Do we want to mine them, or are they to be the deposits of last resort?.
- Small footprints.
- High grades.
- Active geology – can be gone tomorrow!

Impact of proposed ISA regulations on project return (risk)

Profit Share Model - ISA Regs.

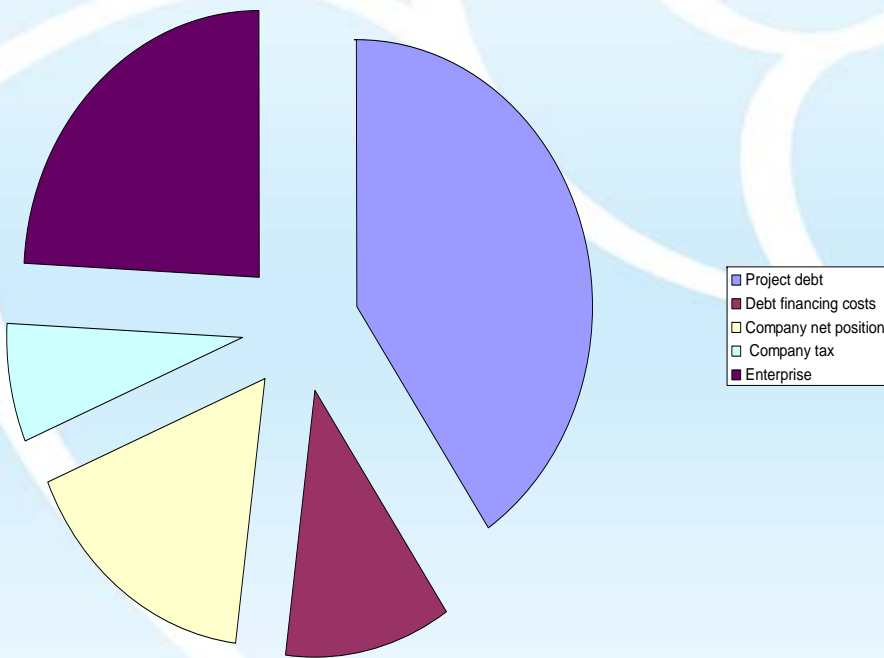


Profit Share Model

- Company can not use equity to finance project.
- Debt financing will be expensive (>12%).
- ETR >70%
- Company carries all the risk.

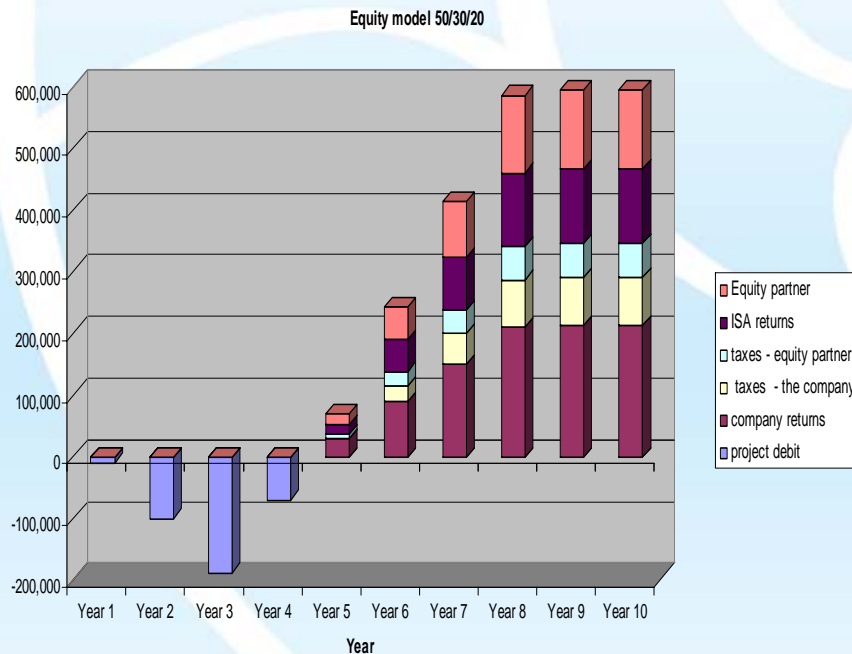
Impact of proposed ISA regulations on project return (risk)

ISA Production Sharing



- Half the revenue goes as debt and/or financing costs.
- Banks make all the money, for little risk!

Equity split model – 50/30/20



- ISA 20% free carried.
- Debt costs significantly reduced.
- ISA return only 50% of previous model, but project is more robust.

Conclusions

- Polymetallic mines can have limited environmental impact.
- Technology is available to do it.
- Risks are high, so commercial terms need to recognize this.
- Do we want to mine these deposits??
 - If yes then the regulations need to be competitive with land based operations.

Nautilus Minerals

New Vision . New World . New Resources™

New Vision . **New World** . New Resources™

New Vision . New World . **New Resources**™

www.NautilusMinerals.com

