



NAUTILUS MINERALS INC.

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NEWS RELEASE

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Nautilus Granted Mining Lease

Toronto, Ontario, 17 January, 2011 – The Government of Papua New Guinea has today granted the world's first deep sea mining lease to **Nautilus Minerals Inc (TSX & AIM: NUS)** for the development of its Solwara 1 project in the Bismarck Sea.

The lease covers an area of approximately 59 km² surrounding Solwara 1, 50 km north of Rabaul, where Nautilus intends to mine high-grade copper and gold deposits on the seafloor, at depths of approximately 1600 metres.

The mining lease has been granted for an initial 20 year term and the PNG Government has retained an option to take up to a 30% stake in the Solwara 1 project as a joint venture partner. The option is exercisable within one month. If the option is exercised, the government will contribute funds to the project in proportion to its interest, including its share of the exploration and development costs incurred to date.

Nautilus will now press ahead to conclude its strategic partnering discussions and continue the development of the Solwara 1 deposit, which has a stated resource of 2.2 million tonnes of ore, including an indicated resource of 870,000 tonnes at grades of 6.8% copper and 4.8 g/t gold (See Note 1).

When it commences production, which is expected approximately two and a half years after full project sanction, Nautilus plans to produce ore at an annual rate of more than 1.3 million tonnes, containing approximately 80,000 tonnes of copper and 150,000-200,000 ounces of gold. Ongoing deep-sea drilling is also expected to lead to expansion of the resource base before the start of production.

Nautilus CEO Stephen Rogers said the granting of the mining lease was an important step for the company and for PNG.

"This historic decision to grant a lease over a deep sea deposit is a major step forward for this new frontier, and it reflects the fact that the Solwara 1 project is being recognised as an exciting, commercially valuable undertaking," he said.

"We are grateful to the PNG government for its support and welcome its participation in the project. We look forward to working closely with the government on Solwara 1, which will generate significant investment for the economies of New Ireland, East New Britain and PNG. The successful development of Solwara 1 will pave the way for the expansion of operations to other seafloor deposits in the future, creating an exciting growth industry further benefiting PNG," he said.

The mining lease gives Nautilus the exclusive right to import and construct required equipment and to extract, process and sell minerals in accordance with the project development plan submitted by the company and the environmental permit granted by the PNG Government in 2009 (See Note 2).

Links

Figure 1 - Map of ML154 area: www.nautilusminerals.com/misc/ML154_Solwara1_Map.pdf

Note 1 - For the full release regarding the resource, please see the following link:

<http://www.nautilusminerals.com/s/Media-NewsReleases.asp?ReportID=284239>.

Note 2: For the full release regarding the granting of the environmental permit by the PNG Government, please see the following link:

<http://www.nautilusminerals.com/s/Media-NewsReleases.asp?ReportID=362963>

About Nautilus Minerals Inc.

Nautilus is the first company to commercially explore the ocean floor for polymetallic seafloor massive sulphide deposits and is currently developing its first project. The Company's main focus is the Solwara 1 Project, which is located in the territorial waters of Papua New Guinea in the western Pacific Ocean. Nautilus is listed on the TSX and AIM stock exchanges, and has among its largest shareholders two of the world's leading international resource companies Anglo American (11.1%) and Teck Resources (6.8%), as well as Metalloinvest, one of the largest and fastest growing mining and metallurgical holding companies in Russia, which beneficially owns 21.0% of the Company's issued shares through Gazmetall Holding (Cyprus) Limited.

For more information please refer www.nautilusminerals.com or contact:

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Certain of the statements made in this news release may contain forward-looking statements within the meaning of the United States Securities Exchange Act of 1934 and forward-looking information within the meaning of applicable Canadian securities law. Forward-looking statements and forward-looking information include, but are not limited to statements or information with respect to the conclusion of the negotiations of a strategic partner relationship, the date of commencement of production and the annual rate of production from the Solwara 1 project and the amount of copper and gold to be derived there from, and the expansion of the resource base within the disclosed time period. We have made numerous assumptions about the material forward-looking statements and information contained herein, including among other things, that the possible strategic partners will continue to negotiate with Nautilus and the negotiations will be successfully concluded, that the planned annual rate of production will be achieved within the disclosed time period. Even though our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statement or information will prove to be accurate. Forward-looking statements and information by their nature involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements or information. Such risks, uncertainties and other factors include, among others, the risk that the potential strategic partners will not continue to negotiate with Nautilus in good faith or at all. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. Although we have attempted to identify factors that would cause actual results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond our control. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly you should not place undue reliance on forward-looking statements or information. Except as required by law, we do not expect to update forward-looking statements and information as conditions change and you are referred to the full discussion of the Company's business contained in the Company's reports filed with the securities regulatory authorities in Canada.