



Press Release

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Nautilus obtains bridge financing and restructures Solwara 1 Project delivery

Toronto Ontario, August 22, 2016 - Nautilus Minerals Inc. (TSX:NUS, OTCQX:NUSMF, OTC:NUSMF Nasdaq Intl Designation) (the "Company" or "Nautilus") announces that it has signed a subscription agreement (the "Subscription Agreement") with Mawarid Offshore Mining Ltd. ("Mawarid") and Metalloinvest Holding (Cyprus) Limited ("Metallo", and together with Mawarid, the "Purchasers") under which the Purchasers have agreed to purchase such number of common shares of the Company that will raise gross proceeds of up to US\$20 million.

Mike Johnston, Nautilus' CEO commented "the Company appreciates the ongoing support of its two major shareholders through this bridge financing arrangement, especially given current market conditions. We are also heartened by the continued support of all of our key stakeholders, in particular, our joint venture partner in the Solwara 1 Project, the Independent State of Papua New Guinea's nominee and our vessel contractors, Marine Assets Corporation and Fujian Mawei shipyard. The global interest in seafloor mining continues to grow, and Nautilus remains the industry leader in this expanding field."

As previously disclosed, the Company requires significant additional funding in order to complete the build and deployment of the seafloor production system to be utilized at the Solwara 1 Project by the Company and its joint venture partner (as to 15%), the Independent State of Papua New Guinea's nominee.

The gross proceeds available under the Subscription Agreement will provide the bridge financing necessary to enable the Company to operate and to carry on the Project as described in detail below, while it continues to explore additional financing, joint ventures or other transactions that provide the funding required in order to complete the development of the Solwara 1 Project. There can be no assurances that the Company will be successful in securing any such transactions.

Pursuant to the Subscription Agreement, the shares will be purchased on a private placement basis and will close in tranches, on a monthly basis, during the period from December 1, 2016 through to November 30, 2017 (the "Financing Period"), at the election of the Company.

The Company will determine the amount of funds to be raised under each tranche during each month of the Financing Period, subject to the limitations of receiving maximum subscription proceeds of US\$2 million per month and an aggregate maximum total amount of US\$20 million during the entire Financing Period.

Shares will be issued under each tranche at a price that is equal to the volume weighted average trading price of the Company's common shares on the Toronto Stock Exchange (the "TSX") for the 10-day period immediately prior to the date the Company issues the Purchasers a notice that the tranche will proceed. Closing of the bridge financing remains subject to the approval of the TSX.

As the Purchasers are related parties to the Company, Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* and the rules of the TSX require that shareholder

approval be obtained in order for the issuance of shares in the bridge financing to exceed 25% of the Company's market capitalization or 10% of the Company's current number of outstanding shares.

The Company plans to hold an extraordinary general meeting of its shareholders on October 26, 2016 in order to seek approval of the bridge financing. Further information regarding the terms of the bridge financing and the relationship between the Company and the Purchasers will be included in the information circular to be mailed to the Company's shareholders and filed on SEDAR in connection with the meeting of shareholders.

For the purposes of the additional funding required and in order to continue operating during the Financing Period, the Company will implement a restructuring plan that involves the following:

- Completing the Company's three key equipment contracts and storing that equipment when delivered, which includes:
 - the Seafloor Production Tools and associated equipment being supplied by Soil Machine Dynamics;
 - the Riser Pipe being supplied by General Marine Contractors; and
 - the subsea slurry lift pump being supplied by GE Hydril.
- Marine Assets Corporation continuing the construction of the production support vessel at the Fujian Mawei Shipyard up to the completion of the hull, with further construction dependent upon the Company securing additional funding.
- Undertaking, with its joint venture partner, the activities necessary to maintain the good standing of the Mining Lease and Environmental Permit for the Solwara 1 Project, including the completion of Environmental Management and Monitoring Plans, as well as the completion of local community projects in the regions of Papua New Guinea closest to the Solwara 1 Project area.
- Terminating other contracts for the construction of any seafloor production equipment that are in the early stages of development and not entering into any new construction contracts until additional funding is secured.
- Reviewing the joint venture's remaining development, testing and operations plans to take account of current market conditions.
- Reducing Company staff numbers by approximately 60% to maintain the key resources required to implement the above activities, whilst ensuring project and corporate knowledge is retained. In this regard, the remaining members of the Company's executive management team, who will be responsible for implementing the restructuring plan, are:
 - Mike Johnston, President & CEO; and
 - Adam Wright, Vice President – PNG Operations.
- Staff reductions will include the departure of the following members of the Company's executive management team by September 2, 2016:
 - Shontel Norgate, Chief Financial Officer;
 - Kevin Cain, Vice President – Projects;
 - Jonathan Lowe, Vice President – Strategic Development and Exploration; and
 - Karen Hauff, General Counsel / Company Secretary.

The Company previously disclosed that in the event that the required funding is secured and the Company is able to continue development of the Solwara 1 Project, the schedule would be delayed. The Company has now secured the necessary bridge financing to facilitate the time required to secure that additional required funding. If the additional required funding is secured by June 2017 and subject to ongoing detailed planning, the Company could be in a position to commence the initial deployment and testing operations at the Solwara 1 Project by the end of Q1 2019.

There can be no assurances that the Company will be able to obtain the necessary project financing on acceptable terms or at all. Failure to secure project financing may result in the Company taking various steps aimed at maximizing shareholder value, including suspending or terminating the development of the Solwara 1 Project, and engaging in various transactions including, without limitation, asset sales, joint ventures and capital restructurings. The Company will provide updates as circumstances warrant. Any transaction(s) will be subject to all necessary stock exchange and, if applicable, shareholder approvals, as well as compliance with all other regulatory requirements.

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

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Neither the TSX nor the OTCQX accepts responsibility for the adequacy or accuracy of this press release.

Certain of the statements made in this news release may contain forward-looking information within the meaning of applicable securities laws, including statements with respect to the closing of the bridge financing, the use of proceeds of the bridge financing, the restructuring plan, and the possible timing of deployment and testing operations at the Solwara 1 Project. We have made numerous assumptions about such statements, including assumptions relating to the bridge financing, project funding, completion and operation of the Company's seafloor production system and assumptions regarding the timing and effect of the restructuring plan, including securing agreements with third parties to complete the construction of the remaining seafloor production system within certain timeframes. Even though our management believes the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that they will prove to be accurate. Forward-looking information by its nature involves 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 information. Please refer to our most recently filed Annual Information Form in respect of material assumptions and risks related to the prospects of extracting minerals from the seafloor and other risks relating to the Company's business and plans for development of the Solwara 1 Project. Risks related to advancing towards production include the risk that the Company will be unable to obtain at all or on acceptable terms the remaining financing necessary to fund completion of the build, testing and deployment of the Company's seafloor production system and that agreements with third party contractors for building slots within certain timeframes are not secured as required. As the Company has not completed an economic study in respect of the Solwara 1 Project, there can be no assurance that the Company's production plans will, if fully funded and implemented, successfully demonstrate that seafloor resource production is commercially viable. Risks related to the restructuring plan include the risk that the plan cannot be implemented as expected, the risk that the plan does not result in the cost savings expected and the risk that the restructuring plan and the bridge financing do not provide sufficient time for the Company to secure project financings for the Solwara 1 Project. 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.

About Nautilus Minerals Inc.

Nautilus is the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits. Nautilus was granted the first mining lease for such deposits at the prospect known as Solwara 1, in the territorial waters of Papua New Guinea, where it is aiming to produce copper, gold and silver. The Company has also been granted its environmental permit for this site.

Nautilus also holds highly prospective exploration acreage in the western Pacific (granted and under application), as well as in international waters in the Central Pacific.

A Canadian registered company, Nautilus is listed on the TSX:NUS stock exchange and trades on the OTCQX:NUSMF, and is also a member of the Nasdaq International Designation program. Its corporate office is in Brisbane, Australia. Its major shareholders include MB Holding Company LLC, an Oman based group with interests in mining, oil & gas, which holds a 27% interest and Metalloinvest, the largest iron ore producer in Europe and the CIS, which has a 15% holding (each on a non-diluted basis, excluding loan shares outstanding under the Company's share loan plan).