

# Press Release

Number 2017 – 20

## Nautilus signs funding mandate with major shareholders

**Toronto Ontario, October 11, 2017 - Nautilus Minerals Inc. (TSX:NUS, OTC:NUSMF Nasdaq Intl Designation)** (the "**Company**" or "**Nautilus**") announces that it has entered into a Funding Mandate Agreement (the "**Agreement**") with Deep Sea Mining Finance Ltd. ("**DSMF**") pursuant to which DSMF will seek to leverage the international expertise and financial relationships of Nautilus' two major shareholders to assist in advancing the development of the Company's Solwara 1 Project.

As previously disclosed, Mark P. M. Horn will lead DSMF, which is a newly incorporated private company in the British Virgin Islands and intended to be 50% owned by each of: (i) USM Finance Ltd, a wholly owned subsidiary of USM Holdings Ltd, an affiliate of Metalloinvest Holding (Cyprus) Limited ("**Metallo**"); and (ii) Mawarid Offshore Mining Ltd. ("**Mawarid**"), a wholly-owned subsidiary of MB Holding Company LLC.

DSMF has been appointed as the Company's exclusive financial advisor in respect of the remaining project financing of up to US\$350 million to complete the development of the Solwara 1 Project.

The Company may terminate DSMF's exclusivity rights under the Agreement if DSMF fails to arrange binding commitments in respect of financings of at least US\$50,000,000 (the "**Interim Financing**") by December 4, 2017.

The Company will pay the following to DSMF:

- an initial retainer fee of US\$75,000 upon DSMF securing the Interim Financing, and an additional fee of US\$30,000 to be made following the initial six month period in advance of each three month period during the term of the Agreement (collectively, the "**Retainer Fees**").
- subject to DSMF securing the Interim Financing, the Company will make a lump sum payment of US\$350,000 as reimbursement for costs and expenses of DSMF incurred in connection with the Interim Financing (the "**Expense Reimbursement**"), and the Company will reimburse DSMF for all of its reasonable costs and expenses which may be incurred in connection with subsequent financings.
- a cash fee on the aggregate consideration received by the Company in a funding transaction equal to 6% in respect of equity financings, or 5% in respect of any debt financing, trade financing or other form of funding transaction during the term of the Agreement, and for a period of twelve months following its cancellation in respect of investors introduced to the Company by DSMF (the "**Finder Fees**"). No fees will be payable in respect of any funds provided by DSMF or its affiliates (including Metallo and Mawarid).
- a cash fee equal to 1.0% of the amount raised by the Company in a funding transaction arising from an unsolicited investment proposal received from a third party pursuant to the terms of the Agreement (together with the Finder Fees, the "**Financing Fees**").

DSMF will have a right of first refusal in respect of matching any unsolicited investment proposals.

The Agreement will remain in effect until the earlier of January 1, 2019, or until terminated by: (a) mutual agreement; (b) the termination of DSMF's exclusivity rights pursuant to the Agreement; (c) automatically upon the closing of funding transactions of US\$350 million; or (d) upon a sale of the Company.

As DSMF will be controlled by two insiders of the Company, DSMF is a "related party" of the Company and the transactions contemplated by the Agreement constitute a "related party transaction" of the Company under MI 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

The independent committee of directors of the Company, consisting of Russell Debney, determined that entering into the Agreement was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance on the exemptions set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101, on the basis that, at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Agreement including the Retainer Fees and the Expense Reimbursement (but excluding the Financing Fees), exceed 25% of the Company's market capitalization.

Payment of Financing Fees by the Company to DSMF will remain subject to receipt of all necessary shareholder approvals in compliance with the requirements of MI 61-101 and/or TSX rules in the context of a specific future financing transaction which may trigger the requirement to pay Financing Fees pursuant to the Agreement.

A copy of the Agreement will be available under the Company's profile on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

The Agreement remains subject to receipt of all necessary approvals from the TSX.

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.

There can be no assurances that the Company will be successful in securing the necessary additional financing transactions within the required time or at all, including in connection with the Agreement. Failure to secure the necessary financing may result in the Company undergoing various transactions including, without limitation, asset sales, joint ventures and capital restructurings.

#### Termination of the 2016 Bridge Financing Agreement

In conjunction with entering into the Agreement, the Company, Metallo and Mawarid entered into an agreement to terminate the subscription agreement among the Company, Metallo and Mawarid dated August 21, 2016, as amended (the "**Bridge Financing Agreement**"). As a result, no further amounts may be drawn by the Company under the Bridge Financing Agreement. The Company issued a total of 78,247,462 common shares for gross proceeds of US\$12,000,000 under the Bridge Financing Agreement.

For inquiries relating to the Interim Financing please contact:

<p>Mark P. M. Horn (UK) Tel:+44 7886 776 234. Email: <a href="mailto:mark@horn.co.uk">mark@horn.co.uk</a></p>	<p>Hussein Al Tamimi (Middle East) Tel:+ 971 4 709 1901</p>	<p>Inessa Krasnokutskaya (Europe) Tel:+35 725 206 000 Email: <a href="mailto:inessak@usm-group.com">inessak@usm-group.com</a></p>	<p>Michael Joyner (North America) Tel:+1 416 551 1100 Email: <a href="mailto:investor@nautilusminerals.com">investor@nautilusminerals.com</a></p>	<p>Noreen Dillane (Australia) Tel:+61 7 3318 5552 Email: <a href="mailto:investor@nautilusminerals.com">investor@nautilusminerals.com</a></p>
---	---	---	---	---

For other information please refer to [www.nautilusminerals.com](http://www.nautilusminerals.com) or contact:

Investor Relations  
Nautilus Minerals Inc. (Toronto)  
Email: [investor@nautilusminerals.com](mailto:investor@nautilusminerals.com)  
Tel: +1 416 551 1100

**Links:**

[http://www.nautilusminerals.com/irm/PDF/1924\\_0/Nautilusprovidescorporateupdate](http://www.nautilusminerals.com/irm/PDF/1924_0/Nautilusprovidescorporateupdate)

[http://www.nautilusminerals.com/irm/PDF/1925\\_0/NautilusMineralsResignationofMarkPMHornasaDirector](http://www.nautilusminerals.com/irm/PDF/1925_0/NautilusMineralsResignationofMarkPMHornasaDirector)

**The TSX does not accept 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 Agreement, and the continued development of the Solwara 1 Project. We have made numerous assumptions about such statements, including assumptions relating to the Company's funding requirements, project funding, and completion and operation of the Company's seafloor production system. 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 continuing the Company's operations and advancing the development of the Solwara 1 Project include the risk that the Company will be unable to obtain at all or on acceptable terms, and within the timeframes required, the remaining financings 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 production is commercially viable. 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 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 29.3% interest and Metalloinvest, the largest iron ore producer in Europe and the CIS, which has a 18.5% holding (each on a non-diluted basis, excluding loan shares outstanding under the Company's share loan plan).