NAUTILUS MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(US dollars, in accordance with International Financial Reporting Standards)

The following Management Discussion and Analysis ("MD&A") has been prepared as at November 12, 2014 for the period ended September 30, 2014.

The MD&A of Nautilus Minerals Inc. (the "Company", "NMI" or "Nautilus") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2014, and related notes thereto (the "Second Quarter 2014 Financial Statements") which have been prepared in accordance with IAS 34, Interim Financial Reporting. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013, and the related notes thereto (the "2013 Financial Statements"), and the related annual management's discussion and analysis and the Annual Information Form on file with the Canadian provincial and territorial securities regulatory authorities.

It includes references to United States dollars, Canadian dollars, Papua New Guinea kina, United Kingdom pounds sterling and euros. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars and the Canadian dollars are referred to as C$, Papua New Guinea kina are referred to as PGK, United Kingdom pounds sterling are referred to as £ and euros are referred to as €.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This document includes "forward-looking statements" which include all statements other than statements of historical fact.

Forward-looking statements include, but are not limited to, statements with respect to the future price of copper, gold and other metals; the estimation of mineral resources; the realization of mineral resource estimates; the timing and amount of estimated future production; the fulfillment of the conditions of the Agreement with the Independent State of Papua New Guinea; the fulfillment of the obligations under the agreement between the Company and MAC including MAC signing the Shipbuilding Contract and paying the first installment; the fulfillment of the obligations under the Tongling sales agreement and the timing and sustainability of such arrangements; costs of production; capital expenditures; costs and timing of the development of the seafloor production system including its re-commencement; the Bismarck Sea prospects (including Solwara 1) and new deposits; success of exploration and development activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of exploration operations; the Company's financial position; business strategy; plans and objectives of management for future operations; the design and performance of the production support vessel ("PSV"), seafloor production tools ("SPTs"); and the procurement of the PSV. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the risk of failure to obtain required equity or debt funding, the risk that MAC does not sign the Shipbuilding Contract and pay the first instalment by 28 November 2014; .the risk that conditions of the Agreement with PNG are not met which could impair the Company's relationship with the State and have a negative impact on the Company's ability to develop the Project; the risk that material assumptions listed in the paragraph below will not be borne out; risks related to changes in project parameters as plans continue to be refined; any additional permitting or licensing requirements associated with any modifications to the scope of the Solwara 1 Project; future prices of copper, gold and other metals being lower than expected; the over-arching risk that the Company will not commence production of mineralized material; and possible variations in resources, grade or recovery rates; late delivery of the PSV and SPTs or other equipment, assuming the full development of the seafloor production system is re-commenced; variations in the charter rate of the PSV and the cost SPTs or other equipment; variations in exchange rates; the failure to obtain regulatory approval for financings; changes in the cost of fuel and other inflationary factors; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Other risks are discussed in this document under "Risk Factors" and “Liquidity and Capital Resources – Outlook and Capital Requirements”.

Such forward-looking statements are current only as at the date of this MD&A and are based on numerous material assumptions (that management believes were reasonable at the time they are made) regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including that MAC will sign the Shipbuilding Contract and pay the first installment by 28 November 2014, the Company's satisfaction of the conditions of the Agreement with PNG, the continued compliance with regulatory requirements, the proposed mine plan and the estimated cost and availability of funding for the continued exploration of the Company's tenements. The Company has also assumed that market fundamentals will result in sustained copper and gold demand and prices; that the proposed development of its mineral projects will be viable operationally and economically and proceed as expected; and that any additional financing needed will be available on reasonable terms.

OUR BUSINESS

Overview

Nautilus is a seafloor resource exploration company and the first publicly listed company to commercially explore the ocean floor for copper, gold, silver and zinc rich seafloor massive sulphide deposits and for manganese, nickel, copper and cobalt nodule deposits. The Company’s main focus is to create shareholder value by demonstrating the seafloor production system and establishing a pipeline of development projects to maximize the value of mineral licenses and exploration applications that Nautilus holds in various locations in the Pacific Ocean.

The Company's principal project is the Solwara 1 Project in the Bismarck Sea. The Solwara 1 Project and the Company's other projects are described in detail in the Company's Annual Information Form, available on SEDAR at www.sedar.com.

Nautilus' seafloor production system has the potential to open a new frontier of resource development as land-based mineral deposits continue to be depleted. Nautilus plans to become the world's first seafloor producer of copper and gold.

2014 Q3 SIGNIFICANT EVENTS

- Solwara 1 Project advanced with mechanical and hydraulic assembly of the Auxiliary Cutter and Collecting Machine continuing during the quarter
- Nautilus enters into Vessel Charter
- Satisfaction of intellectual property condition precedent in accordance with the Agreement with the State of PNG's nominee

Solwara 1 Project advanced

During Q3 2014, the Company continued to advance the Solwara 1 Project and in particular, the three key equipment contracts. Significant focus has also remained on securing a vessel solution.

Project Build Progressed

Progress on the development of the SPTs continued to advance. Mechanical and hydraulic assembly of the Auxiliary Cutter and Collecting Machine continued during the quarter and commissioning and factory acceptance testing of the Bulk Cutter continued at Soil Machine Dynamics ("SMD") premises in Newcastle, England.

General Marine Contractors ("GMC") in Houston have completed weld procedure qualification work of the main line connectors and are fabricating test pieces for the associated fatigue testing at quarter end. Fatigue testing on the main line welds is expected to be completed in Q4 2014.

GE Hydril has completed testing activities on the main slurry valves during the quarter. GE Hydril have advised that the Subsea Slurry Lift Pump "SSLP" assembly activities will re-commence in Q3 2015.

Following the termination of some contracts during the final quarter of 2012, the Company has made arrangements with some contractors to allow the resurrection of some of the terminated contracts following the execution of a contract related to the build of the PSV.

Community Activities

Nautilus Minerals continued the 2014 Engagement Program along the West Coast of New Ireland Province, Papua New Guinea throughout the third quarter of 2014. The team made multiple trips to villages, located along the West Coast of New Ireland Province, to explain Nautilus Minerals desire to work with the Provincial Government to roll out programs to help improve the sanitation practices in the area. In the coming months Nautilus Minerals will be undertaking a pilot project to build toilet facilities and infrastructure to provide access to running water in the village. Local youths have been employed to help build infrastructure in both locations. The continued implementation of this project in other communities will be based on the success of this pilot project.

Nautilus enters into Vessel Charter

On November 6, 2014 Nautilus announced that it entered into an agreement for the charter of a vessel to be first deployed for use at the Solwara 1 Project ("Project").

Marine Assets Corporation ("MAC"), a marine solutions company based in Dubai which specialises in the delivery of new build support vessels for the offshore industry, will own and provide the marine management of the vessel. The vessel will be chartered to Nautilus for a minimum period of five years at a rate of US$199,910 per day, with options to either extend the charter or purchase the vessel at the end of the five year period.

The vessel will first serve as the operational base for the joint venture to be formed by Nautilus and the State nominee, Eda Kopa (Solwara) Limited, a wholly owned subsidiary of Petromin, to support the operations carried out by the Sowlara 1 JV to extract and to transport high grade copper and gold material from the Project site, in the Bismarck Sea of Papua New Guinea.

Under the terms of the arrangement, MAC is to enter into a contract with Fujian Mawei Shipbuilding Ltd., based in Fujian province in south-eastern China, to design and construct the vessel in accordance with Nautilus' specifications ("Shipbuilding Contract"). The Shipbuilding Contract is to be signed by no later than November 28, 2014. A $10.0 million deposit is payable by Nautilus to MAC following the payment by MAC of the first installment under the Shipbuilding Contract. A further charterer's guarantee of US$18.0 million is to be provided to MAC by the Solwara 1 JV on the commencement of the charter of the vessel.

When completed, the vessel will measure 227 metres in length and 40 metres in width with accommodation for up to 180 people and generate approximately 31MW of power. All of the below deck mining equipment will be installed in the vessel during the build process to minimize the equipment integration to be completed following delivery of the vessel. The vessel is expected to be delivered by the end of 2017.

Release of Funds from Escrow

In April 2014 the State signed the Agreement with Nautilus, electing to take a 15% interest in the Project while also paying a non-refundable deposit of US$7.0 million to Nautilus. On May 9, 2014 the State Nominee placed US$113.0 million into escrow, representing the balance of the funding for the State Nominee's 15% interest in the Project up to first production.

Completion of the State Nominee's purchase of the 15% interest in the Project is to occur within 10 business days after the payment by MAC of the first installment under the Shipbuilding Contract, which is to be made by no later than November 28, 2014, as agreed by Nautilus and the State Nominee. On completion, the State Nominee's funds will be released to Nautilus from escrow and the Solwara 1 JV formed. Nautilus looks forward to working closely with the State Nominee on the Project, which will generate significant economic activity within the State and the Province of New Ireland.

Satisfaction of intellectual property condition precedent

On October 22, 2014 the Company announced that it had satisfied the first of the conditions precedent in accordance with the Agreement by securing the intellectual property rights as required by the State.

RISK FACTORS

Nautilus' ability to generate revenues and achieve a return on shareholders' investment must be considered in light of the early stage nature of the Solwara 1 deposit and seafloor resource production in general. The Company is subject to many of the risks common to early stage enterprises, including personnel limitations, financial risks, metals prices, permitting, the need to raise capital, resource shortages and lack of revenues. Substantial expenditures are required to discover and establish sufficient resources and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that the Company will be able to raise sufficient financing to facilitate this development. The Company's existing funds are not sufficient to bring the Solwara 1 Project into production and there can be no assurance that additional sources of finance will be available to the Company. Other factors that influence the Company's ability to succeed are more fully described in the Company's 2013 Annual Information Form available on www.sedar.com, under the heading "Risk Factors".

SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table sets out selected unaudited quarterly financial information of Nautilus and is derived from unaudited quarterly condensed consolidated interim financial statements prepared by management and expressed in US dollars in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial reports.

		2012	2013				2014		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	$'M	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	$'M	(21.5)	(4.9)	(6.1)	(5.2)	(6.2)	(3.5)	(3.7)	(4.6)
Basic and diluted loss per share	$/share	(0.09)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

As Nautilus is currently a pre-production entity engaging in exploration activities there is a significant amount of variability in the quarterly expenditure of the Company depending on the timing of contract milestones and exploration campaigns. Below is a summary of the more significant fluctuations in results excluding those resulting from foreign exchange movements:

Q4 2012

The quarterly loss includes a $12.9 million impairment charge for prepayments made to a shipyard in relation to the proposed PSV build.

RESULTS OF OPERATIONS – FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

The following discussion provides an analysis of the financial results of Nautilus:

Loss for the period

For the three months ended September 30, 2014, the Company recorded a loss of $4.6 million ($0.01 loss per share) compared to a loss of $5.2 million ($0.01 loss per share) for the same period in 2013. The primary variances were as follows:

Exploration
Exploration expense decreased to $0.8 million (2013 - $2.1 million), primarily due to the costs incurred during Q3 2013 related to the exploration campaign in the CCZ.

	Nodule Exploration Three months ended September 30,		**SMS Exploration Three months ended September 30,**		**Total Exploration Three months ended September 30,**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Geological services	24,236	1,511,689	13,615	18,887	37,851	1,530,576
Mineral property fees	-	-	52,525	57,372	52,525	57,372
Professional services	36,768	36,347	172,407	4,558	209,175	40,905
Travel	21,888	73,644	27,849	22,524	49,737	96,168
Salary and wages	139,652	142,861	292,467	220,211	432,119	363,072
Total exploration expenditure	**222,544**	**1,764,541**	**558,863**	**323,552**	**781,407**	**2,088,093**

General & Administration
General & Administration expense decreased to $2.8 million (2013 - $3.2 million) reflecting a reduction in professional services expenditure of $0.9 million following the completion of the arbitration with the State. This decrease was offset by an increase in salary and wages expense with $0.1 million paid for directors fees in the quarter and $0.1 million of donations made by the Company for the quarter.

	Three months ended September 30, 2014	**Three months ended September 30, 2013**
Office and general	858,416	668,456
Professional services	104,852	1,055,152
Salary and wages	1,130,242	902,246
Shareholder related costs	108,760	101,137
Travel	266,613	170,057
Depreciation	337,647	295,594
Total general and administration expenditure	**2,806,530**	**3,192,642**

Corporate Social Responsibility
Corporate Social Responsibility expense decreased to $0.3 million (2013 - $0.4 million) with lower salary and wages costs for the quarter.

Technology
Technology expense was consistent at $0.1 million (2013 - $0.1 million).

Development
Development expenses increased to \$0.6 million (2013 - \$0.4 million) with \$0.6 million spent on PSV design and procurement in the current quarter, compared to \$0.3 million in the comparative period last year.

Foreign exchange
A foreign exchange gain of \$0.2 million was recorded during the quarter (2013 – loss of \$0.7 million). The foreign exchange loss consists of realized gains and losses on actual cash transactions during the period and unrealized gains and losses on cash denominated in different currencies at the period end. The Company holds a “basket of currencies” to act as a natural hedge against its expected cash outflows and can therefore experience unrealized fluctuations at period end when cash balances are converted to US dollars for reporting purposes, as experienced during the current quarter.

Interest income
Interest income earned on cash and cash equivalents held during the period was \$0.05 million (2013 - \$0.15 million) with Q3 2013 showing the impact of the rights offer proceeds received in Q2 2013. The Company maintains its cash and cash equivalents with banks with an S&P rating of A+ or better.

Operating Losses
Overall, Nautilus’ operating loss decreased to \$4.7 million for the three months ended September 30, 2014, compared to \$5.4 million for the same period in 2013. When adjusting the current quarter operating loss for the respective foreign currency exchange movements the actual operating loss was \$4.9 million (2013 \$6.1million) with the major impact coming from the costs of the CCZ exploration campaign in the 2013 costs.

RESULTS OF OPERATIONS – FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

The following discussion provides an analysis of the financial results of Nautilus:

Loss for the period

For the nine months ended September 30, 2014, the Company recorded a loss of \$11.8 million (\$0.03 loss per share) compared to a loss of \$16.2 million (\$0.05 loss per share) for the same period in 2013. The primary variances were as follows:

Exploration

Exploration expense decreased to $1.8 million (2013 - $3.1 million), primarily due to the costs incurred during Q3 2013 related to the exploration campaign in the CCZ.

	Nodule Exploration Nine months ended September 30,		SMS Exploration Nine months ended September 30,		Total Exploration Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Geological services	63,128	1,581,317	22,549	79,430	85,677	1,660,747
Mineral property fees	57,000	-	175,001	213,631	232,001	213,631
Professional services	133,665	68,433	195,318	11,013	328,983	79,446
Travel	25,022	87,778	42,794	42,965	67,816	130,743
Salary and wages	291,731	406,389	808,202	614,041	1,099,933	1,020,430
Total exploration expenditure	**570,546**	**2,143,917**	**1,243,864**	**961,080**	**1,814,410**	**3,104,997**

General & Administration

General & Administration expense decreased to $8.0 million (2013 - $9.7 million) reflecting a reduction in professional services expenditure of $1.9 million following the completion of the arbitration with the State.

	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Office and general	2,227,241	2,172,780
Professional services	701,800	2,552,602
Salary and wages	3,047,027	3,086,289
Shareholder related costs	411,106	417,847
Travel	710,373	582,245
Depreciation	913,101	896,249
Total general and administration expenditure	**8,010,648**	**9,708,012**

Corporate Social Responsibility

Corporate Social Responsibility expense decreased to $0.6 million (2013 - $1.0 million) with lower salary and wages costs.

Technology

Technology expense was consistent at $0.2 million (2013 - $0.3 million).

Development

Development expenses increased to $1.5 million (2013 - $0.5 million) with $1.5 million spent on PSV design and procurement in the current year compared to $0.5 million in the previous year, with vessel procurement activity only increasing significantly in Q3 2013.

Foreign exchange

A foreign exchange gain of $0.01 million was recorded during the quarter (2013 – loss of $1.9 million). The foreign exchange loss consists of realized gains and losses on actual cash transactions during the period and unrealized gains and losses on cash denominated in different currencies at the period end. The Company holds a “basket of currencies” to act as a natural hedge against its expected cash outflows and can therefore experience unrealized fluctuations at period end when cash balances are converted to US dollars for reporting purposes, as experienced during the current year.

Interest income
Interest income earned on cash and cash equivalents held during the period was $0.1 million (2013 - $0.3 million), with 2013 reflecting the impact of the rights offer proceeds received in Q2 2013. The Company maintains its cash and cash equivalents with banks with an S&P rating of A+ or better.

Operating Losses
Overall, Nautilus' operating loss decreased to $12.1 million for the nine months ended September 30, 2014, compared to $16.5 million for the same period in 2013. When adjusting the current quarter operating loss for the respective foreign currency exchange movements the actual operating loss was $12.1 million (2013 $14.6 million) primarily impacted by costs for the CCZ exploration campaign in 2013 and the lower general and administration expenditure.

Cash flows

Operating activities
Cash used in operating activities was $11.3 million for the nine months ended September 30, 2014 compared to $12.7 million for the corresponding period in 2013, with the prior year including payments related to the CCZ exploration campaign.

Investing activities
Cash used in investing activities was $0.1 million for the nine months ended September 30, 2014 compared to $25.9 million for the corresponding period in 2013. The receipt of the initial payment of $7.0 million from the State offset relatively low spend of $5.0 million on asset construction with limited equipment construction milestones being met and mineral property spend of $2.1 million.

Financing activities
Cash received from financing activities was $0.02 million for the nine months ended September 30, 2014 compared to $36.7 million for the corresponding period in 2013. The current year reflects the proceeds from the exercise of 80,000 stock options while the prior year reflects the net proceeds of the C$40 million rights offering that was completed.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial objective is to ensure that it has sufficient liquidity in the form of cash and/or debt capacity to finance its ongoing requirements to support the Company's strategy of becoming the first company to commercially extract copper, gold, silver and zinc from the seafloor.

Key financial measures

The Company uses the following key financial measures to assess its financial condition and liquidity:

	September 30 2014	**December 31 2013**
Working Capital	$19.5 million	$36.1 million
Cash and Cash Equivalents	$29.2 million	$40.6 million

Under the Company's Investment Policy, cash cannot be invested for more than 90 days and must be held on deposit with banks with an S&P credit rating of A+ or better.

Outlook and capital requirements

The Company's known contractual obligations at September 30, 2014, are quantified in the table below:

	September 30 2014 $
Non-cancellable operating leases	
Not later than 1 year	842,569
Later than 1 year and not later than 2 years	222,776
Later than 2 years and not later than 3 years	162,864
Later than 3 years and not later than 4 years	13,824
Later than 4 years and not later than 5 years	13,824
Total Commitments	1,255,857

The Company is involved in mineral exploration which is a high risk activity and relies on results from each exploration program to determine if areas justify any further exploration and the extent and method of appropriate exploration to be conducted.

The Company has no source of revenue and has significant cash requirements to be able to meet its administrative overhead and maintain its property interests. In order to be able to resume the construction contracts and advance the development of its mineral property interests, the Company will be required to raise additional financing. Until that time, certain discretionary expenditures may be deferred and measures to reduce operating costs will be taken in order to preserve working capital.

Nautilus expects that cash and cash equivalents will be sufficient to pay for capital expenditure commitments and general and administrative costs for the next 12 months. Depending upon future events, the rate of expenditures and other general and administrative costs could increase or decrease. The Company continues to evaluate a range of alternative options available to it to access capital to fund future expenditures.

Nautilus' opinion concerning liquidity and its ability to avail itself in the future of the financing options mentioned above are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected.

Factors that could affect the availability of financing include Nautilus' performance (as measured by various factors including the progress and results of its exploration work), the state of international debt and equity markets, investor perceptions and expectations of past and future performance, the global financial climate, metal and commodity prices, political events in the south Pacific, obtaining operating approvals from the PNG government for the Solwara 1 Project, drilling and metallurgical testing results, results from environmental studies, engineering studies and detailed design of equipment.

Foreign currency exchange rate risk

The Company's operations are located in several different countries, including Canada, Australia, PNG, Tonga, Solomon Islands, Fiji and New Zealand and require equipment to be purchased from several different countries. Nautilus has entered into key contracts in United States dollars and British pounds sterling. Future profitability could be affected by fluctuations in foreign currencies. The Company has not entered into any foreign currency contracts or other derivatives to establish a foreign currency protection program but may consider such actions in the future. Foreign exchange risk is mitigated by the Company maintaining its cash in a "basket" of currencies that reflect its current and expected cash outflows. As at September 30, 2014 the Company held its cash in the following currencies:

Currency Denomination	**% of total cash in US$ terms held**
USD	67
GBP	14
AUD	7
EUR	1
CAD	11
	100

Interest rate risk

The Company holds cash and cash equivalents which earn interest at variable rates as determined by financial institutions. As at September 30, 2014, with other variables unchanged, a 0.1% increase (decrease) in the interest rate would have no significant effect on comprehensive loss.

Credit risk

The Company places its cash only with banks with an S&P credit rating of A+ or better.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents and other receivables.

Liquidity risk

The Company manages liquidity by maintaining adequate cash and short-term investment balances. In addition, the Company regularly monitors and reviews both actual and forecasted cash flows.

The Company has no source of revenue and has significant cash requirements to be able to meet its administrative overhead and maintain its property interests. In order to be able to resume the construction contracts and advance the development of its mineral property interests, the Company will be required to raise additional financing. Until that time, certain discretionary expenditures may be deferred and measures to reduce operating costs will be taken in order to preserve working capital. Given the measures taken by the Company to minimize expenditures leading up to signing the Agreement with the State and the measures that will continue to be taken, the Company's exposure to liquidity risk is currently considered to be low.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity of IFRS requires the use of judgements and estimates that affect the amount reported and disclosed in the consolidated financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

The area of judgment that has the most significant effect on the amounts recognized in these consolidated financial statements is the review of asset carrying values and impairment assessment.

Review of asset carrying values and impairment assessment
Property, plant and equipment and exploration and evaluation assets are considered for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. If an indicator is identified, the asset's recoverable amount is calculated and compared to the carrying amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral resources, operating costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these assumptions, which may impact the recoverable amount of the assets.

In considering whether any impairment indicators occurred in respect of the Company's long lived assets as at September 30, 2014, management took into account a number of factors such as metal prices, projected costs to operate equipment, availability and costs of finance, cost and state of completion of subsea equipment construction, exploration successes in other areas, the existence and terms of binding off-take agreements and the Company's market capitalization compared to its net asset value.

Management has concluded that there are no impairment indicators relating to the Company's long-lived assets as at September 30, 2014.

OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as of November 12, 2014.

Common shares

A total of 445,302,865 common shares are outstanding including 11,325,000 restricted shares.

Restricted shares

A total of 11,325,000 restricted shares are issued and outstanding under the Company's share loan plan, with loan expiry dates ranging from October 2015 through to July 2017. The weighted average issue price for the restricted shares is C$0.52.

Stock Options

A total of 4,945,000 stock options are issued and outstanding, with expiry dates ranging from October 2015 through to July 2017. The weighted average exercise price for all stock options is C$0.50. All stock options entitle the holders to purchase common shares of the Company.

INTERNAL CONTROLS

Internal control over financial reporting

There have been no material changes in the Company's internal control over financial reporting since the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

ADDITIONAL SOURCES OF INFORMATION

Additional information regarding Nautilus Minerals Inc., including its Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website www.nautilusminerals.com.