NAUTILUS MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(US dollars)

The following Management Discussion and Analysis ("MD&A") has been prepared as at May 16, 2017 for the three month period ended March 31, 2017.

The MD&A of Nautilus Minerals Inc. (the "Company", "NMI" or "Nautilus") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as applicable to interim financial reporting.

This MD&A 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; plans for establishing or expanding mineral resource estimates on the projects; the construction and delivery of the Production Support Vessel ("PSV"); the fulfillment of the obligations under the Ore Sales Agreement with Tongling Nonferrous Metals Group Co. Ltd ("Tongling Sales Agreement") and the timing and sustainability of such arrangements; costs and timing of the development of the Seafloor Production System; the Company's seafloor massive sulphide prospects ("SMS") (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 PSV and the 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 material assumptions listed in the paragraph below will not be borne out; 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; possible variations in resources, grade or recovery rates; the risk of failure to conclude the investigation into the cyber-attack, the inability to reach agreement with Marine Assets Corporation ("MAC") as to the deposit under the vessel charter agreement, the insolvency of MAC or the applicable shipyard and other events which may cause a delay to the delivery of the PSV; the risk that the obligations under the Tongling Sales Agreement are not fulfilled; late delivery of the PSV and SPTs or other equipment; variations in the cost of the PSV and 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.

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 the Company's continued compliance with regulatory requirements and the estimated costs and availability of funding for the continued exploration of the Company's tenements and the development of the Seafloor Production System. The Company has also assumed that market fundamentals will result in sustained copper and gold demand and prices; that the proposed development of its Seafloor Production System will be viable operationally and economically and proceed as expected; and that any additional financing needed will be available on reasonable terms. With respect to the arrangement with MAC, the Company is assuming that the parties will observe their obligations, that the investigation into the cyber-attack will reach a timely conclusion and that MAC and the Company can agree how to proceed in relation to the payment of the deposit under the vessel charter agreement.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, the assumptions made may not prove to be correct or there may be unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Except as may be required by applicable laws, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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 viability of 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.

2017 Q1 SIGNIFICANT EVENTS

- Bridge Finance
- Solwara 1 Project advanced
- Production Support Vessel construction advanced
- Restructure of Solwara 1 Project delivery

Bridge Finance

On August 21, 2016 (and amended on September 19, 2016) the Company entered into a Subscription Agreement (the "agreement") with the two largest shareholders. The agreement allows for the Company to call for a total of $20mln in equal parts from the two majority shareholders as a private placement, for a maximum of $2mln per month over a 12 month period ending November 2017. As at 31 March 2017 $14mln remains callable on the agreement. This additional bridge financing has allowed the Company to continue to seek further investment alternatives for funding from various interested parties.

Solwara 1 Project advanced

During the first quarter of 2017, the Company continued to advance the Solwara 1 Project in accordance with the bridging finance agreement.

Seafloor Production Equipment Build Progressed

Work on the Derrick and Draw-works has been restarted. The supplier, Sichuan Honghua Petroleum Ltd (Honghua), has re-initiated procurement of outstanding materials with a view to start fabrication in the second quarter of 2017. Honghua have also been contracted to fabricate the derrick substructure. The completed Derrick, Draw-works and substructure will be shipped to the Mawei shipyard for installation late in 2017.

The Auxiliary Cutter, Bulk Cutter, Collecting Machine and all ancillary equipment have been Shipped to Port Moresby in Papua New Guinea where they will undergo submerged trials. The objective of these trials is to demonstrate the equipment meets functional performance specifications with respect to stability, cutting efficiency, collection efficiency, and visualization technology. The equipment will arrive in PNG in early April, with submerged trials due to commence in the second half of 2017.

The riser system manufactured by General Marine Contractors remains in storage in Louisiana, while the riser handling tools have been shipped from Poland to the Mawei shipyard in China.

The Subsea Slurry Lift Pump remains at GE Hydril's test facility in Houston where minor issues identified during FAT are being rectified, prior to final delivery of the pump in Q2 2017. The FAT has demonstrated that the pump meets or exceeds all required performance criteria. Plans for wet testing of the pump are currently being considered.

The only other major equipment contract that remains to be awarded is for the modular dewatering plant required to separate ore from seawater on the Production Support Vessel. Discussions are ongoing with various suppliers on the timing, cost and preferred construction methodology for this work package. Subject to successful resolution of timing constraints, an award is anticipated in the first half of 2017.

Community Activities

During the quarter Nautilus conducted an awareness campaign with coastal communities in both East New Britain and New Ireland Provinces. Community members were provided with an update on project development with a strong focus on Environmental Management Plans and Corporate Social Responsibility Programs.

Phase two of a medical patrol for communities in the coastal area of benefit on the west coast of New Ireland was started during the reporting period. This is the first outreach program to be undertaken in conjunction with the New Ireland Provincial Government under a Public Private Partnership agreement on health services. The patrol consists of two doctors holding clinics in every village in selected coastal wards in order to generate data on community health. This data will then be used to guide further outreach programs in 2017 and subsequent years.

Nautilus also completed the first phase of an infrastructure improvement program which will see bridges installed in place of wet crossings on the main road on the west coast of New Ireland. A panel bridge for the Pubonom wet crossing was completed during the reporting period, with a related civil works undertaken by a local company. The bridge will be officially opened by Sir Julius Chan, the Governor of New Ireland Province in April 2017. The ultimate aim of the program is to provide all weather access to health facilities, to facilitate the delivery of government services and to encourage business development in the region.

Production Support Vessel construction advanced

The Mawei shipyard continues to make good progress with construction of the Production Support Vessel. Block design and fabrication are ostensibly complete, with only the heli-deck and four deck blocks remaining to be installed in the dry dock. Piping systems are complete to ~50% with equipment and machinery installation at 25% and electrical and instrumentation work now under way. Pre-outfitting of main engines, generators and thrusters continues in accordance with the schedule. The vessel is due to be launched late in 2017, with integration, commissioning and sea trials to follow in 2018 ahead of final delivery at the end of the third quarter.

Restructure of Solwara 1 Project Delivery

The Company requires significant 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.

For the purposes of seeking the additional funding required and in order to continue operating during the Financing Period (1 December 2016 to 30 November 2017), the Company implemented a restructuring plan that involved the following:

- Completing the Company's three key equipment contracts and storing that equipment when delivered. This includes the Seafloor Production Tools, the Subsea Slurry Lift Pump and the Riser which have all now passed Factory Acceptance Tests.

- Marine Assets Corporation continuing the construction of the production support vessel at the Fujian Mawei Shipyard.

- 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.

- Implementing the joint venture's remaining development, testing and operations plans in accordance with a schedule that recognises financing constraints.

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. 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.

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 and other regulatory approvals, the need to raise capital, resource shortages, lack of revenues, equipment failures and potential disputes with, or delays or other failures caused by third party contractors or joint venture partners. 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. 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. Other factors that influence the Company's ability to succeed are more fully described in the Company's 2017 Annual Information Form available on www.sedar.com, under the heading "Risk Factors". See also the factors discussed under "Cautionary Note Regarding Forward Looking Statements" above.

SUMMARY OF QUARTERLY RESULTS (unaudited)

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

		2015			2016				017
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	$'M	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	$'M	(7.5)	(8.3)	(5.0)	(3.6)	(3.7)	(4.0)	(2.7)	(2.4)
Basic and diluted loss per share	$/share	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.004)	(0.004)

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:

Q2 2015

The loss for the period reflected a significant increase in exploration expenditure to $3.3 million for the quarter as the Company works to progress exploration work in the Solomon Islands and Tonga.

Q3 2015

The loss for the period reflected a significant increase in exploration expenditure to $3.9 million for the quarter as the Company completed exploration work in the Solomon Islands and commenced resource evaluation and environmental baseline field work in the CCZ.

Q4 2015
The loss for the period reflected a significant decrease in exploration expenditure to $1.5 million dollars for the quarter as the Company completed the resource evaluation and environmental baseline field work in the CCZ.

Q1 2016
The loss for the period reflected a decrease in exploration expenditure to $0.7 million with current exploration campaigns completed in Q4 2015. No new campaigns were undertaken in Q1 2016. G&A expenditure decreased to $2.2 million due to a decrease in professional fees and travel expenses.

Q2 2016
There were no significant matters to discuss in this quarter.

Q3 2016
The loss for the period reflected a decrease in expenditure across exploration, corporate social responsibility and development, relative to Q1 & Q2 2016. This reduced expenditure was offset

by a significant increase in corporate costs due to employee termination costs resulting from the restructure of the Solwara 1 project delivery.

Q4 2016
The loss for the period reflected a decrease in expenditure across exploration, general and administration and development, relative to Q1, Q2 & Q3 2016. The reduced expenditure was a direct result of the restructure of the Solwara 1 project delivery.

Q1 2017
The loss for the period reflected an increase in expenditure across exploration due to the target generation cruise in the Bismarck Sea that took place during the quarter. This increase was offset by a reduction in general and administration expenditure. This was due to reduced travel, professional services and salary and wages for the period.

RESULTS OF OPERATIONS – FOR THE PERIOD ENDED MARCH 31, 2017

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

Loss for the period

For the three months ended March 31, 2017, the Company recorded a loss of $2.4 million ($0.01 loss per share) compared to a loss of $3.6 million ($0.01 loss per share) for the same period in 2016. The primary variances were as follows:

Exploration
Exploration expense increased to $0.9 million (2016 - $0.7 million). The increase in geological services related primarily to the boast cruise hire costs associated with the Target generation cruise that took place during the quarter.

	Nodule Exploration Three months ended March 31,		**SMS Exploration Three months ended March 31,**		**Total Exploration Three months ended March 31,**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
General and administration	-	-	9,748	10,655	9,748	10,655
Geological services	104	47,294	483,480	88,292	483,584	135,586
Mineral property fees	47,000	47,000	28,443	95,424	75,443	142,424
Professional services	47,313	8,149	644	7,864	47,957	16,013
Travel	-	4,628	49,348	26,719	49,348	31,347
Salary and wages	-	63,545	248,308	335,591	248,308	399,136
Total exploration expenditure	**94,417**	**170,617**	**819,971**	**564,544**	**914,388**	**735,161**

General & Administration
General & Administration expenditure decreased to $1.1 million (2016 - $2.2 million). Professional services decreased by $0.3 million, with Q1 2016 including costs related to the rights offering completed in early Q2 2016. Salary and wages decreased by $0.5 million due to the reduced staff numbers resulting from the restructure of the Solwara 1 project delivery.

	Three months ended March 31, 2017	Three months ended March 31, 2016
Office and general	412,451	538,111
Professional services	18,648	316,433
Salary and wages	464,165	998,721
Shareholder related costs	54,376	148,575
Travel	29,434	83,544
Depreciation	74,255	82,614
Total general and administration expenditure	**1,053,329**	**2,167,998**

Corporate Social Responsibility

Corporate Social Responsibility increased to \$0.6 million (2016 - \$0.3 million). The increased expenditure relates primarily to bridge construction taking place on the west coast of the New Ireland Province.

Technology

Technology expense remained consistent at \$0.1 million (2016 - \$0.1 million).

Development

Development expenses decreased to \$0.02 million (2016 - \$0.5 million) due to reduced travel and consultant costs related to management of the PSV build.

Foreign exchange

A foreign exchange gain of \$0.2 million was recorded during the quarter (2016 – \$0.1 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 \$0.003 million (2016 - \$0.03 million). The Company maintains its cash and cash equivalents with banks with an S&P rating of A+ or better.

Other income

Other income decreased to \$0.05 million for the quarter (2016 – \$0.1 million) resulting from a decrease in the joint venture management fee income.

Operating Losses

Overall, Nautilus’ operating loss decreased to \$2.4 million for the period ended March 31, 2017, compared to \$3.6 million for the corresponding period in 2016. When adjusting the current year operating loss for the respective foreign currency exchange movements, the adjusted operating loss was \$2.8 million (2015 \$3.8 million), with the major impact coming from reduced salary and wages, and reduced expenditure related to the management of the PSV build. This was offset by an increase in exploration and CSR expenditure incurred during the quarter.

Cash flows

Operating activities
Cash used in operating activities was $0.8 million for the three months ended March 31, 2017, compared with the $2.9 million of cash used in the corresponding period in 2016. The decrease was primarily related to changes in non cash working capital.

Investing activities
Cash used in investing activities was $8.8 million for the three months ended March 31, 2017 compared to $6.1 million for the corresponding period in 2016, with the fluctuation representative of the milestone based contracts in place for the construction of the equipment.

Financing activities
Cash received from financing activities was $2.0 million for the three months ended March 31, 2017.

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:

	March 31, 2017	**March 31, 2016**
Working Capital	$5.1 million	$15.7 million
Cash and Cash Equivalents	$19.5 million	$47.5 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, capital requirements and going concern

The Company's known contractual obligations at March 31, 2017, are quantified in the table below:

	March 31, 2017 $
Non-cancellable commitments	
Not later than 1 year	615,933
Later than 1 year and not later than 2 years	42,969,772
Later than 2 years and not later than 3 years	73,534,965
Later than 3 years and not later than 4 years	73,332,564
Later than 4 years and not later than 5 years	72,967,150
Later than 5 years	103,553,380
Total Commitments	366,973,764

The non-cancellable commitments as at March 31, 2017 include $365.0 million for payments to be made under the charter party arrangement with MAC for the PSV with a commencement date no later than September, 2018.

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 continue to advance the development of the Solwara 1 Project and its mineral property interests, the Company will be required to raise additional equity, debt and/or joint venture partner funding. Until that time, certain discretionary expenditures may be deferred and measures to reduce operating costs will be taken in order to preserve working capital.

As a result of the above activities, on August 21, 2016 (and amended on September 19, 2016) the Company entered into a Subscription Agreement (the "agreement") with its two largest shareholders. The agreement allows for the Company to call for a total of US$20 million in equal parts from the two majority shareholders as a private placement, for a maximum of US$2 million per month over a 12 month period ending November 2017. As at March 31, 2017 US$14 million remains callable on the agreement. This additional bridge financing has allowed the Company to continue to seek further investment alternatives for funding from various interested parties.

There can be no assurances that the Company will be able to obtain the necessary project financing on acceptable terms or at all to complete the Solwara 1 Project. 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 seafloor production system and the Solwara 1 Project, and engaging in various transactions including, without limitation, asset sales, joint ventures and capital restructurings.

There can be no assurances that any transaction will result from these matters and the Company will provide updates as circumstances warrant. Any transaction will be subject to all necessary stock exchange and, if applicable, shareholder approvals as well as compliance with all other regulatory requirements.

As mentioned above, the Company has now secured the necessary bridge financing to facilitate the time required to secure possible additional required funding to complete the development of the Solwara 1 Project. 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.

While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. 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.

The Company has reviewed all aspects of its business during this process and as result, has implemented certain measures aimed at preserving the Company's capital position. These measures include reducing the Company's workforce, terminating contracts for the construction of any seafloor production equipment that were in the early stages of development and not entering into any new construction contracts until the additional funding required is secured.

Factors that could affect the availability of funding include Nautilus' performance (as measured by various factors including the progress and results of its exploration work), the Company's ability to meet the conditions necessary to close the Private Placement, 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 on the Company's tenements, ongoing results from environmental studies, engineering studies and detailed design and delivery 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 March 31, 2017 the Company held its cash in the following currencies:

Currency Denomination	**% of total cash in US$ terms held**
USD	44
GBP	1
CAD	53
AUD	1
EUR	1
	100

Interest rate risk

The Company holds cash and cash equivalents which earn interest at variable rates as determined by financial institutions. As at March 31, 2017, 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.

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 dispose 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 March 31, 2017, management took into account a number of factors such as long term 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 March 31, 2017.

FUTURE ACCOUNTING CHANGES

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2016 that would be expected to have a material impact on the Company.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017. The company has reviewed the disclosure requirements of changes in IFRS 2 'Share based payments', IFRS 9 'Financial Instruments: Classification and Measurement' (effective January 1, 2018) and IFRS 7 'Financial Instruments: Disclosure' (effective January 1, 2018), however this does not currently require any changes to disclosures within the financial statements of the Company.

IFRS 2 Share based payments clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The completed version of IFRS 2 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. This standard is not expected to have any impact on the Company's financial position or results when it is adopted.

IFRS 9, Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The completed version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. This standard is not expected to have any material impact on the Company's financial position or results when it is adopted.

IAS 12 – Income taxes – Deferred tax, this amendment clarifies the requirements for recognising deferred tax assets on unrealised losses and the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. This amendment also clarifies certain aspects of accounting for deferred tax assets.
IAS 12 is effective on January 1, 2017. This policy amendment does not affect the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. This standard is not expected to have any impact on the Company's financial position or results when it is adopted.

IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15 Revenue from Contracts with Customers. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The Company is in the process of assessing the impact, on the financial statements of this new standard.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on our consolidated financial statements.

OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as of May 10, 2017.

Common shares

A total of 670,060,636 common shares are outstanding including 3,350,000 restricted shares.

Restricted shares

A total of 3,450,000 restricted shares are issued and outstanding under the Company's share loan plan, with loan expiry dates ranging from Jul 2017 through to July 2019. The weighted average issue price for the restricted shares is C$0.48.

Stock Options

A total of 3,550,000 stock options are issued and outstanding, with expiry dates ranging from July 2017 through to July 2019. The weighted average exercise price for all stock options is C$0.38. 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, 2016 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.