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 November 14, 2017 for the period ended September 30, 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 and six months ended September 30, 2017, and related notes thereto (the "Third Quarter 2017 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, 2016, and the related notes thereto (the "2016 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.

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 Company's projects; the construction and delivery of the Production Support Vessel ("PSV"); the fulfillment of the obligations under the Tongling sales agreement and the timing and sustainability of such arrangements; costs and timing of the development of the Company's seafloor production system; the Company's seafloor massive sulphide ("SMS") 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 PSV and 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 cost 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 mineral projects will be viable operationally and economically and proceed as expected, subject to funding; 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 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 Q3 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 $20million in equal parts from the two majority shareholders as a private placement, for a maximum of $2million per month over a 12 month period ending November 2017. As at 30 September 2017 $8million 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. The agreement was subsequently terminated with the mutual agreement of the parties on October 11, 2017 – please see the Liquidity and Capital Resources section on page 11.

Solwara 1 Project advanced

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

Seafloor Production Equipment Build Progressed

Sichuan Honghua Petroleum Ltd (Honghua), continues to progress fabrication of the derrick, draw-works and substructure at yards in Chengdu and Tianjin. This equipment which supports the deployment and operation of the Subsea Slurry Lift Pump (**SSLP**) and riser will be delivered to the Mawei shipyard in late 2017 for assembly and installation on the production support vessel.

Honghua have also been contracted to fabricate Dewatering Plant (**DWP**) modules consisting of structural steel, plate-work, tanks, piping and cable tray, which shall be shipped to Mawei for installation on the production support vessel in early 2018. The DWP process equipment, cabling and instrumentation shall then be installed during the post-launch integration and commissioning period. The DWP separates the ore from the seawater on the production support vessel, and is the last major equipment package required to complete the project.

The Seafloor Production Tools (**SPTs**) consisting of the Auxiliary Cutter, Bulk Cutter, and Collecting Machine remained in PNG during the quarter undergoing submerged trials at a facility near Port Moresby. 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 Collecting Machine trials were successfully completed indicating that the machine can perform to design specifications with no serious issues or fatal flaws emerging. The submerged trials for the Auxiliary cutter commenced during the quarter. Papua New Guineans engaged to operate and maintain the SPTs have been gaining invaluable operating experience during the trials for which the supplier, Soil Machine Dynamics is providing vendor support.

The riser system manufactured by General Marine Contractors remains in storage near the port of Houston ready to be shipped to China in 2018. There were no adverse effects on this equipment recorded as a result of Hurricane Harvey which caused significant flooding in Houston during the quarter. The riser handling tools have already been shipped from Poland to the Mawei shipyard in China.

Contractual final delivery of the SSLP was achieved during the reporting period following rectification of minor issues identified during factory acceptance testing. The pump shall remain at GE Hydril's test facility in Houston until early 2018 when it shall be shipped to China to undergo submerged trials.

Environmental Management

A full Mine Closure Plan was prepared and submitted to PNG's Conservation and Environmental Protection Authority (CEPA) during the reporting period. This plan provides an update to the Conceptual Mine Closure Plan previously provided to the Minerals Resource Authority as part of the Mining Lease application for Solwara 1. The submission of a full Mine Closure Plan at least one year prior to the commencement of commercial production is a requirement of both the Environmental Permit and the Mining Lease for the project.

Nautilus is still awaiting feedback from CEPA on the appointment of an independent consultant to review the Environmental Monitoring and Management Plans (EMMPs) submitted in June 2017.

Community Activities

There has been a major focus on stakeholder engagement during the reporting period, with Provincial Government representatives and coastal community leaders visiting the site of the submerged trials of the Seafloor Production Tools (SPTs). The objective was to demonstrate that the operation of the SPTs is consistent with the information provided to communities in previous awareness sessions, and address any remaining concerns with respect to environmental impacts. The visits generated significant media interest with many of the community leaders voicing strong support for the project when interviewed.

CSR Project Development activities were also advanced during the reporting period. The Steering Committee for the Public Private Partnership (PPP) on Health with New Ireland Provincial Government (NIPG) met to review outcomes of the recent Health Patrol and Data Collection Program. The committee agreed that the next health outreach program under the PPP would focus on the elimination of skin diseases through a mass drug administration program. The Working Group for the New Ireland bridge construction project also met to select a site for the next bridge to be installed. A quarterly Working Group meeting was also held with the East New Britain Provincial Government (ENBPG) where the construction of a Community Health Post on Watom Island was agreed upon as the first significant CSR project to be implemented in the East New Britain province.

Production Support Vessel construction advanced

The Mawei shipyard continues to progress construction of the production support vessel. Block design and fabrication are ostensibly complete, with only four deck blocks remaining to be installed in the dry dock. Piping systems are complete to ~67% with equipment and machinery installation at 70% and electrical & instrumentation work reaching 34% completion at the end of the reporting period. Assembly and installation work for the SPT launch and recovery systems is ongoing. Agreement was reached with Mawei to delay launch of Production Support Vessel until the end of February 2018 to allow completion cargo handling systems and installation of the derrick and substructure while the vessel is still in dry dock. Integration, commissioning and sea trials shall then be completed prior to final deliver of the vessel late in 2018.

Restructure of Solwara 1 Project Delivery

The Company requires additional funding in order to complete the build and deployment of the seafloor production system to be utilized at the Solwara 1 Project. 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 SPTs, the SSLP 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.
- Implementing the joint venture's remaining development, testing and operations plans in accordance with a schedule that recognises both the project schedule and 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 in Q4 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 2015 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 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.

		2015	2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	$'M	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	$'M	(5.0)	(3.6)	(3.7)	(4.0)	(2.7)	(2.4)	(2.7)	(2.5)
Basic and diluted loss per share	$/share	(0.01)	(0.01)	(0.01)	(0.01)	(0.004)	(0.004)	(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:

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.

Q2 2017
The loss for the period reflected an increase in general and administration expenditure. This increase related primarily to professional services and directors fees paid during the quarter. This expenditure was offset by a reduction in exploration costs.

Q3 2017
The loss for the period reflected a decrease in CSR, general and administration and exploration expenditure. This decrease related primarily to the completion of the health patrol and New Ireland infrastructure projects that took place during quarter 2 2017. This reduced expenditure was offset by an increase in development costs resulting from delays to the vessel launch.

RESULTS OF OPERATIONS – FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

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

Loss for the period

For the three months ended September 30, 2017, the Company recorded a loss of $2.4 million ($0.004 loss per share) compared to a loss of $4.0 million ($0.01 loss per share) for the same period in 2016. The primary variances were as follows:

Exploration
Exploration expense remained consistent at $0.3 million (2016 - $0.3 million).

	Nodule Exploration Three months ended September 30,		SMS Exploration Three months ended September 30,		Total Exploration Three months ended September 30,	
	2017	2016	2017	2016	2017	2016
General and administration	-	-	17,236	4,236	17,236	4,236
Geological services	8,698	2,501	39,128	-20,263	47,826	-17,762
Mineral property fees	-	-	-	475	-	475
Professional services	9,229	11,628	22,706	20,938	31,935	32,566
Travel	8,947	8,409	15,235	2,012	24,183	10,421
Salary and wages	691	67,985	163,357	217,067	164,047	285,051
Total exploration expenditure	**27,565**	**90,523**	**257,662**	**224,465**	**285,227**	**314,987**

General & Administration

General & Administration expenditure decreased to $1.5 million (2016 - $3.3 million) for the quarter. This was due primarily to a reduction in salary and wages of $1.7 million, resulting from the restructure of the Solwara 1 project delivery that took place in Q3 2016.

	Three months ended September 30, 2017	Three months ended September 30, 2016
Office and general	455,494	543,373
Professional services	238,726	299,504
Salary and wages	527,582	2,238,474
Shareholder related costs	36,246	51,397
Travel	125,053	49,174
Depreciation	81,761	80,186
Total general and administration expenditure	**1,464,862**	**3,262,107**

Corporate Social Responsibility

Corporate Social Responsibility expense remained consistent at $0.2 million (2016 - $0.2 million) for the quarter.

Technology

Technology expense was consistent at $0.1 million (2016 - $0.1 million) for the quarter.

Development

Development expenses increased to $0.4 million (2016 - $0.2 million) due to costs associated with the delay of the PSV launch.

Foreign exchange

A foreign exchange loss of $0.1 million was recorded during the quarter (2016 –$0.1 million gain). 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 $0.001 million (2016 - $0.04 million). The Company maintains its cash and cash equivalents with banks with an S&P rating of A+ or better.

Other income
Other income of $0.05 million was consistent (2016 – $0.05 million), with the current year including management fee income charged to the joint venture and rental income from the corporate office sub lease.

Operating Losses
Overall, Nautilus' operating loss decreased to $2.4 million for the three months ended September 30, 2017, compared to $4.0 million for the corresponding period in 2016. When adjusting the current period operating loss for the respective foreign currency exchange movements, the actual operating loss was $2.3 million (2016 - $4.1 million).

RESULTS OF OPERATIONS – FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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

Loss for the period

For the nine months ended September 30, 2017, the Company recorded a loss of $7.6 million ($0.01 loss per share) compared to a loss of $11.2 million ($0.01 loss per share) for the same period in 2016. The primary variances were as follows:

Exploration
Exploration expense decreased to $1.5 million (2016 - $2.0 million) for the nine months ended September 30, 2017. This was due primarily to reduced salary and wages, resulting from the restructure of the Solwara 1 project delivery.

	Nodule Exploration Nine months ended September 30,		**SMS Exploration Nine months ended September 30**		**Total Exploration Nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
General and administration	-	-	43,330	26,845	43,330	26,845
Geological services	20,240	188,689	599,438	306,185	619,677	494,874
Mineral property fees	47,000	47,186	29,984	115,849	76,984	163,035
Professional services	82,525	33,452	23,350	93,556	105,875	127,008
Travel	11,327	32,555	73,555	55,502	84,882	88,057
Salary and wages	31,534	266,031	591,549	812,283	623,084	1,078,314
Total exploration expenditure	**192,626**	**567,913**	**1,361,206**	**1,410,220**	**1,553,832**	**1,978,133**

General & Administration
General & Administration expenditure decreased to $4.1 million (2016 - $7.7 million). Salary and wages decreased by $2.7 million due to the reduced staff numbers resulting from the restructure of the Solwara 1 project delivery. Shareholder related costs were lower at 30 September 2017 as no rights issue took place during the period, compared to the nine months ending 30 September 2016.

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Office and general	1,281,500	1,640,975
Professional services	702,001	840,519
Salary and wages	1,644,419	4,255,806
Shareholder related costs	115,387	401,347
Travel	186,282	298,849
Depreciation	218,895	247,225
Total general and administration Expenditure	**4,148,484**	**7,684,721**

Corporate Social Responsibility
Corporate Social Responsibility expense increased to $1.3 million (2016 - $0.7 million) for the nine months ended September 30, 2017. The increase in expenditure during the period relates to the completion of the first phase of an infrastructure improvement program which will see bridges installed in the west coast of New Ireland. Nautilus also completed a medical patrol for communities in the coastal area of benefit on the west coast of New Ireland during the reporting period.

Technology
Technology expense remained consistent at $0.2 million (2016 - $0.2 million) for the nine months ended September 30, 2017.

Development
Development expenses decreased to $0.5 million (2016 - $1.3 million) for the nine months ended September 30, 2017, due to reduced travel and consultant costs related to management of the PSV build.

Foreign exchange
A foreign exchange loss of $0.1 million was recorded during the nine months ended September 30, 2017 (2016 – $0.5 million gain). 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 period.

Interest income
Interest income earned on cash and cash equivalents held during the nine months ended September 30, 2017 was $0.005 million (2016 - $0.1 million). The Company maintains its cash and cash equivalents with banks with an S&P rating of A+ or better.

Other income
Other income remained consistent at $0.2 million (2016 – $0.2 million) for the nine months ended September 30, 2017.

Operating Losses
Overall, Nautilus’ operating loss decreased to $7.6 million for the nine months ended September 30, 2017, compared to $11.2 million for the corresponding period in 2016. When adjusting the current period operating loss for the respective foreign currency exchange movements, the actual

operating loss was $7.5 million (2016 $11.7 million), with the major impact coming from the decrease in general and administration expenditure and reduced expenditure related to the management of the PSV build. This was offset by an increase in CSR expenditure incurred during the period.

Cash flows

Operating activities
Cash used in operating activities was $6.4 million for the nine months ended September 30, 2017 compared to $12.7 million for the corresponding period in 2016, largely reflecting the decrease in salary and wages and reduced expenditure related to the PSV management.

Investing activities
Cash used in investing activities was $25.7 million for the nine months ended September 30, 2017, including $8.1 million in relation to the SPT's, $11.9 million for the riser and lifting system and $3.1 million for project services, operations mobilisation and vessel integration, compared to $31.4 million for the corresponding period in 2016.

Financing activities
Cash flow from financing activities was $10.0 million for the nine months ended September 30, 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.

Key financial measures

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

	September 30, 2017	**September 30, 2016**
Working Capital	($6.9 million)	$24.2 million
Cash and Cash Equivalents	$4.8 million	$34.2 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, liquidity risk and capital requirements

The Company's known contractual obligations at September 30, 2017, are quantified in the table below:

	September 30, 2017 $
Non-cancellable commitments	
Not later than 1 year	610,829
Later than 1 year and not later than 2 years	42,967,713
Later than 2 years and not later than 3 years	73,405,176
Later than 3 years and not later than 4 years	73,167,060
Later than 4 years and not later than 5 years	72,967,150
Later than 5 years	103,553,380
Total Commitments	366,671,308

The non-cancellable commitments as at September 30, 2017 include the payments to be made under the charter party arrangement with MAC for the PSV with a commencement date no later than January 1, 2019.

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 September 30, 2017 US$8 million remained 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.

On October 11, 2017 Metalloinvest Holding (Cyprus) Limited ("Metallo") and Mawarid Offshore Mining Ltd ("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.

On October 11, 2017 the Company announced 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. Details of the funding mandate agreement are set out in the press release dated October 11, 2017.

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.

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 and Solomon Islands 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, 2017 the Company held its cash in the following currencies:

Currency Denomination	% of total cash in US$ terms held
USD	88
GBP	2
CAD	4
AUD	3
EUR	3
	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, 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 September 30, 2017, 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, 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 November 16, 2017.

Common shares

A total of 701,770,858 common shares are outstanding including 1,000,000 restricted shares.

Restricted shares

A total of 1,000,000 restricted shares are issued and outstanding under the Company's share loan plan, with loan expiry dates ranging from July 2018 through to July 2019. The weighted average issue price for the restricted shares is C$0.28.

Stock Options

A total of 1,600,000 stock options are issued and outstanding, with expiry dates ranging from July 2018 through to July 2019. The weighted average exercise price for all stock options is C$0.31. 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.