

PNG Approval process

Technical

Prior to obtaining an approved Mining Lease (ML), a detailed technical development proposal and an ML application must be provided to the Government of PNG. The technical development proposal outlines the potential resource and the extraction method that will be used.

Nautilus Minerals submitted the ML application and the development proposal for the Solwara 1 Project to the Government of PNG in quarter three, 2008.

As per Section 108 of the Papua New Guinea Mining Act, following the submission of the ML application and development proposal, the Mining Warden is to hold a hearing on the application. The hearing for Solwara 1 (MLA154) was successfully held on April 2, 2009, in Kavieng, New Ireland Province. Following the hearing the Mining Warden prepared his formal report on the submissions made at the hearing, and presented this to the Mining Advisor Board. The ML for Solwara 1 was successful granted on January 17, 2011.

Social

The social side of the approval process involves the negotiation of a Memorandum of Understanding between the Company, Government and directly affected parties. At this stage of the approval process, all stakeholders meet to discuss how best to deliver the proposed benefits to stakeholders who are affected by the Project.

Potential benefits of this Project include training and development, opportunities for local businesses to provide goods and services to the Project, infrastructure development and employment opportunities.

Memoranda of Understanding were signed between the Company and both the New Ireland and East New Britain Provincial Governments in July 2014.

Environmental

The environmental approvals process in PNG is regulated by the *Conservation and Environmental Protection Authority Act 2014* and the *Environment (Amendment) Act 2014*. Prior to obtaining an Environmental Permit for a Level 3 activity, companies must go through a rigorous process involving the preparation of a scoping document, the preparation of an Environmental Impact Assessment (EIA), Environmental Impact Statement (EIS) and draft Construction Environmental Management Plan (CEMP), all of which must be prepared with appropriate notification, referral and consultation with relevant stakeholder groups.

The International Association for Impact Assessment (IAIA) defines an EIA as “the process of identifying, predicting, evaluating and mitigating the biophysical, social and other relevant effect of development proposals prior to major decisions and commitments being made.”

Objectives of the EIA process are:

- To understand the existing environment;
- To understand the potential impacts of the proposed activities; and
- To understand what steps have to be taken to minimise and mitigate impacts.

Nautilus Minerals completed all EIA work for the Solwara 1 Project in compliance with the PNG Environment Act 2000. Between 2006 and 2008, Nautilus Minerals conducted eight offshore environmental campaigns in the Bismarck Sea, PNG. This work included oceanography, biology, chemistry, water quality and sedimentation rate studies. During these campaigns over 110,000 seafloor observations were logged. The aggregate result of these campaigns and scientific studies form the baseline data for the EIS.

Nautilus Minerals submitted the Solwara 1 EIS to the PNG Government on September 29, 2008, along with all the detailed EIA studies. Copies of the EIS have been distributed to various national and provincial government departments in PNG. To ensure transparency, our full EIS (including all unamended EIA studies) can be downloaded from the CARES website.

Public hearings for the Solwara 1 EIS and development proposal were held in November 2008 in Port Moresby, Kavieng and Rabaul. Nautilus Minerals continue to engage with local communities, to read more about the Nautilus Minerals community engagement process to go to the community page of the CARES website.

EIS Review

The DEC engaged an independent consultant to review the Solwara 1 EIS. The results of the assessment along with the outcome of the public hearings allowed the DEC, Environmental Council and Environmental Minister to make a recommendation on the EIS.

In December 2009, the Environmental Minister issued the Environmental Permit for the Solwara 1 Project.