



SOLWARA 1

DETAILED FACTSHEET

What is the Solwara 1 mining licence?

The Solwara 1 mining licence was granted in 2011 to Nautilus Minerals to **mine metal sulphide deposits created over thousands of years** by underwater hot springs called hydrothermal vents. This project in the Bismarck Sea became the world's first licensed DSM venture.

The Solwara 1 licence was acquired by **Deep Sea Mining Finance** after Nautilus **went bankrupt** in 2019.

Who is DSMF (Deep Sea Mining Finance)?

DSMF is a company trying their luck at seabed mining, registered in the British Virgin Islands, **a jurisdiction known for its secrecy**. Company shareholders are not disclosed by the British Virgin Islands nor are there public accounts. So **it is not clear who exactly owns DSMF** or if the company has funds to advance the project. DSMF acquired the assets of Nautilus Minerals, **including the Solwara 1 mining licence**, during Nautilus' bankruptcy proceedings.

The company's financial and technical capabilities are unclear

It also appears to be associated with individuals and companies who have been **charged with fraud** and **corruption** and/or sanctioned by the United States.



Whose interests does DSMF have at heart?

Research indicates that the two main shareholders of the bankrupt Nautilus continue to be part owners of DSMF, the **Omani conglomerate**, MB Holdings and the **United States sanctioned Uzbek-born oligarch, Alisher Usmanov** via **Metalloinvest**.

Nautilus lied about profits last time and left PNG with a debt of K\$475 million (US\$ 125 million)

Why does the Government think these investors will be honest and genuine partners capable of delivering the project this time? Are they interested in our wellbeing and the livelihoods and cultures of Bismarck Sea coastal and island communities?

Another company, **Magellan is closely connected to DSMF** and upon closer scrutiny Magellan's website identifies senior management and expert staff **who have actually not worked for the company** since last year and some were only engaged for a few months.

Does Magellan have adequate governance and technical expertise? Just like DSMF it is difficult to know how much is **'smoke and mirrors'**. Despite such questions, Magellan's Director and a representative of Alisher Usmanov, have met with **Sir Julius Chan** to discuss **Solwara 1**.

Are these the kind of people PNG should be doing business with?

What is known about the contractual arrangement between the Government and DSMF?

The transfer of the Nautilus licences for Solwara 1 to DSMF and the Government's partnership in this project was a **total surprise** and **only became public knowledge when exposed in 2023** by the Alliance of Solwara Warriors.

Papua New Guineans **have been left in the dark** about the nature of the partnership between the Government and DSMF and **what it might cost them if DSMF also becomes bankrupt.**

How much money does DSMF expect the Government to channel into this project?

The Government **appears to retain the 15% share** it had in the original (bankrupt) project **but has not advised** its citizens **what additional funds it may be allocating towards Solwara 1.**

Given the history of financial loss, we have a right to know how much money is being spent on this high risk venture

Has the Government built protections into the arrangements with DSMF against a second bankruptcy?

Due to the lack of transparency, this question remains open. What measures, if any, have been implemented to protect PNG from incurring further debt? **We simply don't know.**

Will the PNG Government make public its due diligence analysis of the company?

It is unclear if the PNG Government has completed or will release due diligence analysis of DSMF to ensure transparency and public trust. **The public deserve to know** how if at all, the Government addressed the risks associated with working closely with individuals and companies charged with fraud and corruption.

For instance, **DSMF's Chief Executive, Mr. Jordinson, received a two-year jail sentence for insider trading in 2014** (*source: [Investor Daily](#)*).

Additionally, the Monex Group, closely connected with Magellan, was **ordered by the U.S. Federal Court in 2022 to pay \$38 million** for commodity **fraud** and registration violations (*source: [CFTC](#)*).

Why does DSMF's registration in the British Virgin Islands ring alarm bells?

The British Virgin Islands is a **secrecy jurisdiction** that allows companies to register **without the transparency disclosures required** by other governments. It **shields companies from public scrutiny** with regard to any problems with **litigation, tax avoidance, and their financial status.**

Why are there concerns about whether DSMF can fund and deliver the Solwara 1 project?

In addition to the uncertainty about DSMF's current financial status, there is **no evidence** that the company **can realistically raise the funds** necessary to develop the Solwara 1 project. This requires serious financing and there is a **high level of investor resistance** to financing mining of hydrothermal vents - recognised internationally as highly biodiverse.

In addition there is **no evidence of new technologies to enable DSMF** to be more profitable than the **bankrupt Nautilus**. Investors would be wary of sinking money into a project that has already failed without evidence of game-changing technologies and accountable financial and environmental management.

What legacy issues from Nautilus Minerals affect DSMF and the Solwara 1 project?

DSMF acquired not only the Solwara 1 licence from Nautilus but also its **legacy of concerns about environmental and social impacts.** Independent analysis of the Solwara 1 Environmental impact statement has **highlighted many gaps.** The legitimacy of the Solwara 1 mining licence has been questioned by coastal communities who have launched legal proceedings against the Government in a bid to obtain key documents. **This will show whether due process was followed** in granting the necessary approvals and how the environmental, human health and economic impacts of the project were addressed. This case will be heard in the National Court of PNG.