

Interim Financial Report

In compliance with the Australian Securities Exchange (ASX) listing rules, Nusantara Resources Limited (Nusantara or the Company) provides the attached interim financial report for the half-year ended 30 June 2017. As the initial public offering (IPO) and subsequent listing of the Company took place on 2 August 2017, these half-year accounts do not reflect funds raised in the IPO, nor restructuring prior to the listing.

Subsequent Events - Successful Completion of Initial Public Offering

Subsequent to 30 June 2017, the Company successfully listed its securities on the ASX on 2 August 2017 in an IPO under which the Company raised A\$16.2m through the issuance of 38,560,220 shares at an issue price of A\$0.42 per share. Listing on the ASX represented a significant step forward for the Company, with the proceeds to be used to:

- Fund in-fill and exploration drilling of the Awak Mas Gold Project;
- Fund the completion of a Definitive Feasibility Study on the Awak Mas Gold Project;
- Fund the expenses of the IPO and the associated costs of listing the Company on ASX;
- Meet the ongoing administrative costs of the Company, current liabilities and provide working capital;
- Provide a liquid market for shares of the Company and an opportunity for new shareholders to invest in the Company; and
- Provide the Company with access to the equity capital markets.

Subsequent Events - Corporate

On 26 July 2017, the Company issued 58,969,875 shares to its parent company, One Asia Resources Limited (One Asia) in satisfaction of a convertible loan of A\$24,767,348 from One Asia. In conjunction with the IPO, the Company was demerged from One Asia which made an in-specie distribution of these Nusantara shares to One Asia shareholders on the basis of 1 Nusantara share for every 3 One Asia shares held.

About Nusantara Resources

Nusantara is an ASX-listed gold development company with its flagship project comprising the 1.74 million ounce Awak Mas Gold Project located in Sulawesi, Indonesia. Discovered in 1988, the Project has had some 124km of drilling completed in over 1,000 holes. The Project is currently 100%-owned through a 7th Generation Contract of Work (CoW) with the Indonesian Government.

Nusantara's development strategy is for construction of a large-scale, low strip ratio open pit operation with ore to be processed by conventional flotation and cyanide leaching. Environmental approval has already been received for the Project, which is favourably located in non-forestry land close to established roads, ports and grid power, enabling the Project to quickly advance towards development upon completion of the Definitive Feasibility Study by mid-2018.

Nusantara's second strategy is to grow the resource base and sustain a mining operation beyond the initial targeted life of 10 years. Multiple drill-ready targets have already been outlined extending from the three main deposits and in other areas of the 140km² CoW.

Website: www.nusantararesources.com

Linked In: <https://au.linkedin.com/company/nusantararesources>

For more information regarding this release, please contact:

Mike Spreadborough

Managing Director / Chief Executive Officer
Nusantara Resources Limited

M: +61 (0)419 329 687

E: mspreadborough@nusantararesources.com

Phil Retter

Investor Relations
NWR Communications

M: +61 (0)407 440 882

E: phil@nwrcommunications.com.au



Nusantara Resources Limited

ABN: 69 150 791 290

Interim Financial Report Half-Year Ended 30 June 2017

NUSANTARA RESOURCES LIMITED

Financial Report for the Half-Year Ended 30 June 2017

| CONTENTS | Page |
|--|------|
| DIRECTORS' REPORT | 1 |
| AUDITOR'S INDEPENDENCE DECLARATION..... | 6 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017 | 7 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 | 8 |
| CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2017 | 9 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2017 | 10 |
| CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2017 | 11 |
| DIRECTORS' DECLARATION..... | 16 |

NUSANTARA RESOURCES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, being Nusantara Resources Limited ('Nusantara' or 'the Company') and its controlled entities ('the Group') for the half-year ended 30 June 2017.

DIRECTORS

The following persons held the office of director during the half-year ended 30 June 2017 and to the date of this report:

| | |
|--|----------|
| Mr Adrian Rollke (resigned 10 April 2017) | Director |
| Mr Robert Thomson (resigned 23 February 2017) | Director |
| Mr Craig Smyth (appointed 17 February 2017; resigned 8 May 2017) | Director |
| Mr Robert Hogarth (appointed 17 February 2017) | Director |
| Mr Martin Pyle (appointed 3 February 2017) | Director |
| Mr Michael Spreadborough (appointed 16 February 2017) | Director |
| Mr Boyke Abidin (appointed 11 April 2017) | Director |

COMPANY SECRETARY

The following persons held the office of company secretary during the half-year ended 30 June 2017 and to the date of this report:

| | |
|---|-------------------|
| Mr Craig Smyth (resigned 24 April 2017) | Company Secretary |
| Jane Rose (appointed 21 April 2017) | Company Secretary |

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF ACTIVITIES

The principal activity of the Group during the half-year was exploration focusing on evaluating the Awak Mas Gold Project in Sulawesi, Indonesia.

OPERATING RESULTS

The net operating loss for the half-year ended 30 June 2017 was \$404,361 and for the half-year ended 30 June 2016 the loss was \$237,378.

REVIEW OF OPERATIONS

The focus of activities during the period included preparations for a listing of Nusantara and ongoing work to conclude permitting and approvals associated with the Awak Mas Gold Project under a Contract of Work (CoW) granted by the Government of Indonesia.

Awak Mas Gold Project

The Awak Mas Gold Project is located in an established gold province and in the Directors' view has excellent potential for expanding Mineral Resources through a planned exploration program.



Figure 1: Awak Mas Gold Project Location in South Sulawesi

Mineral Resources

The JORC Code 2012 Mineral Resource estimates for the Awak Mas Gold Project (announced 9 May 2017) are tabulated below in Table 1 using a 0.5 g/t Au cut off.

Table 1: Awak Mas Mineral Resource Estimate (May 2017)

| MINERAL RESOURCE ESTIMATE - MAY 2017 | | | | |
|--------------------------------------|----------------|-------------|-------------|----------------|
| | | Tonnes | Au Grade | Contained Gold |
| | Classification | Mt | g/t | Moz |
| Awak Mas | Measured | - | - | - |
| | Indicated | 25.8 | 1.45 | 1.20 |
| | Inferred | 8.9 | 1.14 | 0.33 |
| | Sub-total | 34.7 | 1.37 | 1.53 |
| Salu Bulu | Measured | - | - | - |
| | Indicated | 0.7 | 2.65 | 0.06 |
| | Inferred | 0.6 | 2.39 | 0.05 |
| | Sub-total | 1.4 | 2.53 | 0.11 |
| Tarra | Measured | - | - | - |
| | Indicated | - | - | - |
| | Inferred | 2.3 | 1.34 | 0.10 |
| | Sub-total | 2.3 | 1.34 | 0.10 |
| Total | Measured | - | - | - |
| | Indicated | 26.5 | 1.48 | 1.26 |
| | Inferred | 11.9 | 1.25 | 0.48 |
| | Total | 38.4 | 1.41 | 1.74 |

1. All Mineral Resources are reported in accordance with the JORC Code (2012).
2. The May 2017 Mineral Resource is reported at a cut-off grade of 0.5 g/t Au and constrained within US\$1,400 per ounce optimised pit shells.
3. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
4. Reference should be made to Section 3 of Nusantara's IPO Prospectus dated 15 June 2017 as lodged on ASX on 1 August 2017 for further supporting information on the Company's Mineral Resources

Permitting and Approvals

Permitting for the Awak Mas Gold Project is well advanced with key AMDAL (environmental impact assessment) and feasibility permits received. In addition, Nusantara received approval from the Government of Indonesia for advancing the CoW into the Construction Period. The CoW allows for a three-year construction period followed by a 30-year operating period.

The majority of the CoW, and all active areas for anticipated operations, is situated in land classified as Area Penggunaan Lain (APL) (land for other uses), a non-protected forest area that allows for activities beyond agriculture such as mining.

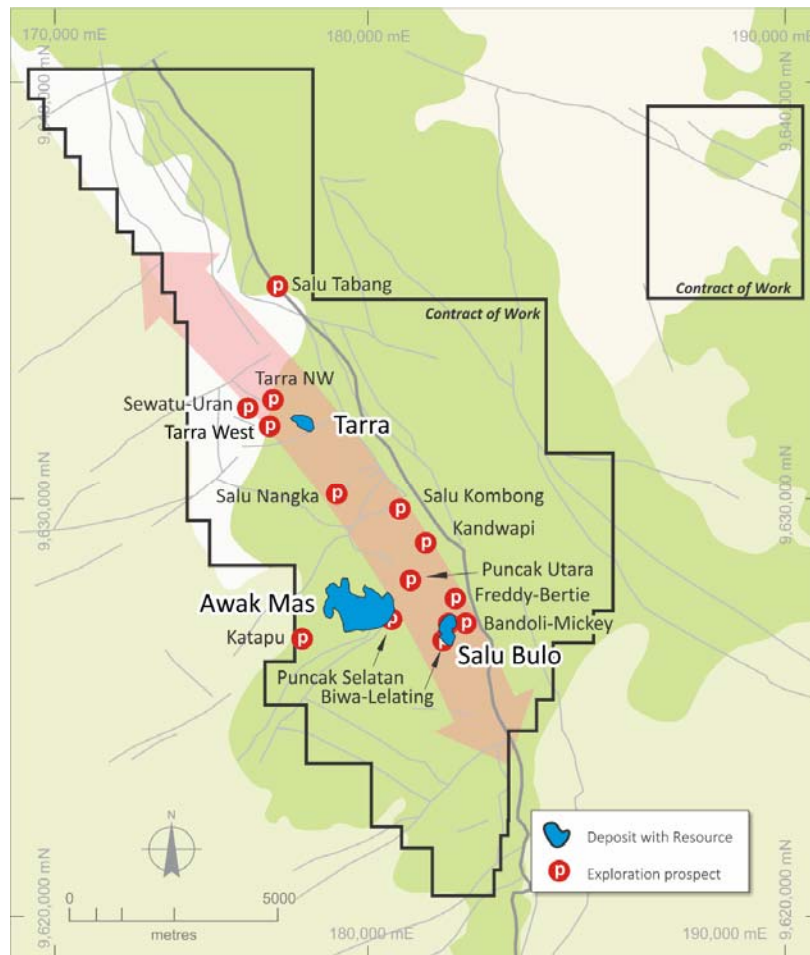


Figure 2: Corridor of defined exploration prospects within the Awak Mas Gold Project

Planned Work Programs

Activities planned and approved for the forthcoming period include a 2-phase resource expansion diamond drilling program and the commencement of a Definitive Feasibility Study into the proposed future development of the Awak Mas Gold Project.

Note

All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Nusantara, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.

Mineral Resources and Ore Reserves

The information is extracted from the One Asia Resources Limited Resource Update on 9 May 2017 and included in the Company's Prospectus dated 15 June 2017 available to view at www.nusantararesources.com. The Company confirms that it is not aware of any new information or data that materially affects the information and in the case of estimates of Mineral Resources or Reserves, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

Competent Persons Statement

The information in this report that relates to the Mineral Resource estimate for the Awak Mas Gold Project is based, and on fairly represents information compiled by Mr Adrian Shepherd, Principal Geologist, (BSc), MAusIMM CP(Geo), for Cube Consulting Pty Ltd. Mr Shepherd is an employee of Cube Consulting Pty Ltd and is a Chartered Professional geologist and a current Member of the Australian Institute of Mining and Metallurgy (AusIMM No: 211818).

Mr Shepherd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Shepherd consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

SUBSEQUENT EVENTS

Successful Completion of Initial Public Offering

Subsequent to 30 June 2017, the Company successfully listed its securities on the Australian Securities Exchange (ASX) on 2 August 2017 in an initial public offering (IPO) under which the Company raised \$16.2m through the issuance of 38,560,220 shares at an issue price of \$0.42 per share.

Listing on the ASX represented a significant step forward for the Company, with the proceeds to be used to:

- Fund in-fill and exploration drilling of the Awak Mas Gold Project;
- Fund the completion of a Definitive Feasibility Study on the Awak Mas Gold Project;
- Fund the expenses of the IPO and the associated costs of listing the Company on ASX;
- Meet the ongoing administrative costs of the Company, current liabilities and provide working capital;
- Provide a liquid market for shares of the Company and an opportunity for new shareholders to invest in the Company; and
- Provide the Company with access to the equity capital markets.

Corporate

On 26 July 2017 the Company issued 58,969,875 shares to One Asia in satisfaction of a convertible loan of A\$24,767,348 from One Asia.

In-Specie Distribution of Shares

In conjunction with IPO, the Company was demerged from its former parent company, One Asia Resources Limited (One Asia) which made an in-specie distribution of Nusantara shares to One Asia shareholders on the basis of 1 Nusantara share for every 3 One Asia shares, transferred at no cost to One Asia shareholders who were holders as at 20 July 2017.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors.



.....
Martin Pyle

Chairman

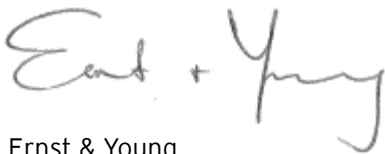
8 September 2017

Auditor's Independence Declaration to the Directors of Nusantara Resources Limited

As lead auditor for the review of Nusantara Resources Limited for the half-year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Nusantara Resources Limited and the entities it controlled during the financial period.



Ernst & Young



Scott Jarrett
Partner
8 September 2017

NUSANTARA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017

| | <i>Half-Year 30 June 2017 \$US</i> | <i>Half-Year 30 June 2016 \$US</i> |
|--|--|--|
| Expenses | | |
| Employee and Directors benefits expense | (173,811) | (127,381) |
| Depreciation and amortisation | (27,919) | (30,052) |
| Community and Social | (31,085) | (8,730) |
| Other expenses | (171,546) | (71,215) |
| Loss before income tax | (404,361) | (237,378) |
| Income tax expense | - | - |
| Loss for the period | (404,361) | (237,378) |
| Other comprehensive income | - | - |
| Total Comprehensive Loss for the period | (404,361) | (237,378) |

The financial statements should be read in conjunction with the accompanying notes.

NUSANTARA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

| | Note | 30 June 2017 \$US | 31 December 2016 \$US |
|--|------|----------------------|--------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 132,693 | 106,274 |
| Other receivables | | 256,858 | 67,845 |
| TOTAL CURRENT ASSETS | | 389,551 | 174,119 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 57,849 | 60,412 |
| Exploration and evaluation expenditure | 2 | 23,089,508 | 22,851,800 |
| Other assets | | 58,647 | 84,003 |
| TOTAL NON-CURRENT ASSETS | | 23,206,004 | 22,996,215 |
| TOTAL ASSETS | | 23,595,555 | 23,170,334 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 205,386 | 217,157 |
| Provisions | | 804,124 | 836,899 |
| Loans from related body corporate | 3 | 25,155,080 | 24,280,952 |
| TOTAL CURRENT LIABILITIES | | 26,164,590 | 25,335,008 |
| TOTAL LIABILITIES | | 26,164,590 | 25,335,008 |
| NET ASSETS | | (2,569,035) | (2,164,674) |
| EQUITY | | | |
| Issued capital | 4 | 1 | 1 |
| Accumulated losses | | (2,569,036) | (2,164,675) |
| TOTAL EQUITY | | (2,569,035) | (2,164,674) |

The financial statements should be read in conjunction with the accompanying notes.

NUSANTARA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2017

| | <i>Half-Year 30 June 2017 \$US</i> | <i>Half-Year 30 June 2016 \$US</i> |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | <i>(398,933)</i> | (280,903) |
| Net cash used in operating activities | <i>(398,933)</i> | (280,903) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for exploration expenditure | <i>(448,777)</i> | (168,811) |
| Net cash used in investing activities | <i>(448,777)</i> | (168,811) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loan proceeds from related body corporate | <i>874,129</i> | 437,277 |
| Net cash provided by financing activities | <i>874,129</i> | 437,277 |
| Net increase/(decrease) in cash held | <i>26,419</i> | (12,437) |
| Cash and cash equivalents at beginning of the period | <i>106,274</i> | 57,185 |
| Cash and cash equivalents at end of the period | <i>132,693</i> | 44,748 |

The financial statements should be read in conjunction with the accompanying notes.

NUSANTARA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2017

| | Issued Capital \$US | Accumulated Losses \$US | Total \$US |
|--|---------------------------|-------------------------------|--------------------|
| At 1 January 2016 | 1 | (1,715,967) | (1,715,966) |
| Loss for the period attributable to members of the Company | - | (237,378) | (237,378) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (237,378) | (237,378) |
| Shares issued during the period | - | - | - |
| Balance as at 30 June 2016 | 1 | (1,953,345) | (1,953,344) |

| | Issued Capital \$US | Accumulated Losses \$US | Total \$US |
|--|---------------------------|-------------------------------|--------------------|
| At 1 January 2017 | 1 | (2,164,675) | (2,164,674) |
| Loss for the period attributable to members of the Company | - | (404,361) | (404,361) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (404,361) | (404,361) |
| Shares issued during the period | - | - | - |
| Balance as at 30 June 2017 | 1 | (2,569,036) | (2,569,035) |

The financial statements should be read in conjunction with the accompanying notes.

NUSANTARA RESOURCES LIMITED

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2017

NOTE 1. CORPORATE INFORMATION

Nusantara Resources Limited (Nusantara) is a company limited by shares incorporated in Australia whose shares commencing public trading on the Australian Securities Exchange post balance date on 2 August 2017. The consolidated half-year financial statements of the Group as at and for the half-year ended 30 June 2017 comprises the Company and its subsidiaries, together referred to as the "Group".

Note that these half-year accounts have been prepared prior to Nusantara listing on the ASX, and accordingly these accounts do not reflect funds raised in the initial public offering, nor restructuring prior to the listing.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2016 are available upon request from the Company's registered office at Level 2, 175 Flinders Lane, Melbourne Vic 3000) or at www.nusantararesources.com.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2017 have been prepared in accordance with requirement of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that his financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016.

The presentation currency for the Group is US dollars.

a. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

b. Going concern basis of accounting

As at 30 June 2017, the Group had cash reserves of \$0.1 million (31 December 2016: \$0.1 million). Subsequent to 30 June 2017, the Company settled intercompany loans payable to One Asia Resources Limited (One Asia) and successfully completed its Initial Public Offering on the ASX, raising A\$16.2 million. Directors believe that there is reasonable basis to conclude that the balance of these cash reserves is sufficient to meet the Consolidated Entity's expenditure, including exploration and evaluation activities at the Awak Mas Gold Project, and operating and administrative expenditure, for the next 12 months.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. To continue as a going concern past the next 12-month period, the Group requires additional funding to be secured from sources including but not limited to:

- a further equity capital raising,
- the continued support of current shareholders,
- the ability to successfully develop and extract value from its projects, and/or
- the sale of its interest in exploration projects.

NOTE 1. CORPORATE INFORMATION (Continued)

c. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group consists of Nusantara Resources Limited and its wholly-owned subsidiaries Salu Siwa Pty Ltd and Vista Gold (Barbados) Corp and PT Masmino DWI Area.

NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

– exploration and evaluation phases at the end of period

Reconciliations

Carrying amount at the beginning of period

Expenditure incurred during current period

Carrying amount at the end of period

| June 2017 \$ | December 2016 \$ |
|-------------------|---------------------|
| 23,089,508 | 22,851,800 |
| 22,851,800 | 22,526,769 |
| 237,708 | 325,031 |
| 23,089,508 | 22,851,800 |

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The directors have reviewed the carrying value at capitalised exploration and evaluation costs at 30 June 2017 and are satisfied there is no impairment at the reporting date.

NOTE 3: LOANS FROM RELATED BODY CORPORATE

Loan from ultimate parent entity

Loan from Pan Asia Resources Limited

Loan from other related body corporate

| June 2017 \$ | December 2016 \$ |
|-------------------|---------------------|
| 25,155,080 | 19,141,833 |
| - | 5,134,959 |
| - | 4,160 |
| 25,155,080 | 24,280,952 |

Refer to Note 8 for the terms and conditions of the loans.

All the borrowings to the ultimate parent entity have been converted, forgiven or otherwise settled subsequent to 30 June 2017.

NOTE 4: CONTRIBUTED EQUITY

At the end of the reporting period

a. Movements in ordinary share capital

At the beginning of the reporting period

Shares issued during the period

At the end of the reporting period

| June 2017 \$ | December 2016 \$ |
|-----------------|---------------------|
| 1 | 1 |
| Shares | Shares |
| 1 | 1 |
| - | - |
| 1 | 1 |

b. Movements in ordinary share capital

Balance at beginning of the reporting period

Shares issued during the period

At the end of the reporting period

| June 2017 \$ | December 2016 \$ |
|-----------------|---------------------|
| 1 | 1 |
| - | - |
| 1 | 1 |

NOTE 5 – SEGMENT INFORMATION

The Group operates predominantly in the minerals exploration sector, with the principle activity of the Group being the exploration and development of gold projects. The Group classifies these activities under a single operating segment; the Indonesian exploration and development activities.

Regarding the exploration and development operating segment, the Chief Operating Decision Maker (determined to be the Board of Directors) receives information on the exploration and development expenditure incurred. This information is disclosed in deferred exploration expenditure note of the financial report. No segment revenues are disclosed as the exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off. The non-current assets of the Group, attributable to the parent entity, are located in Indonesia.

NOTE 6 – CONTINGENCIES & COMMITMENTS

- In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa, PT Masmino via acquisition of all shares in Vista Gold (Barbados) Inc. In accordance with the terms of the agreement, as consideration for the transaction, the Company agreed to grant Vista Gold Corporation a royalty of 2.0% of Net Smelter Returns on the first 1,250,000 ounces of gold produced from the Awak Mas gold project and 2.5% on the next 1,250,000 ounces of gold produced.
- In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. Awak Mas is currently in the Feasibility Stage and the Group is required to pay Dead Rent of US\$0.50 per hectare and Land Tax of US \$0.50 per hectare annually with respect to the Awak Mas CoW, amounting to US\$14,390 per year. Upon approval of the feasibility Study by the Indonesian Government, the Awak Mas will enter the "Construction" phase of the CoW, and the Group will be required to pay Dead Rent of US\$1.50 per hectare and Land Tax of US\$1.50 per hectare annually.
- The Group is subject to VAT and withholding tax audits by the Indonesian tax department and has been issued with a revised assessment with respect to VAT paid in 2012 for approximately \$255,000 including penalties. The Group is in the process of disputing this assessment and is confident that the VAT and penalties are not payable, however this is subject to due process and not beyond doubt. The Group may be subject to tax audits for periods after 2012 from which additional claims could arise, however is confident its position in these periods is defensible.

NOTE 7 – SUBSEQUENT EVENTS

Successful Completion of Initial Public Offering

Subsequent to 30 June 2017, the Company successfully listed its securities on the Australian Securities Exchange (ASX) on 2 August 2017 in an initial public offering (IPO) under which the Company raised A\$16.2m through the issuance of 38,560,220 shares at an issue price of A\$0.42 per share.

Listing on the ASX represented a significant step forward for the Company, with the proceeds to be used to:

- Fund in-fill and exploration drilling of the Awak Mas Gold Project;
- Fund the completion of a Definitive Feasibility Study on the Awak Mas Gold Project;
- Fund the expenses of the IPO and the associated costs of listing the Company on ASX;
- Meet the ongoing administrative costs of the Company, current liabilities and provide working capital;
- Provide a liquid market for shares of the Company and an opportunity for new shareholders to invest in the Company; and
- Provide the Company with access to the equity capital markets.

Corporate

On 26 July 2017 the Company issued 58,969,875 shares to One Asia in satisfaction of a convertible loan of A\$24,767,347.50 from One Asia. Other intercompany loans payable to One Asia were forgiven or otherwise settled prior to this conversion.

In-Specie Distribution of Shares

In conjunction with IPO, the Company was demerged from its former parent company, One Asia Resources Limited (One Asia) which made an in-specie distribution of Nusantara shares to One Asia shareholders on the basis of 1 Nusantara share for every 3 One Asia shares, transferred at no cost to One Asia shareholders who were holders as at 20 July 2017.

NOTE 8: RELATED PARTIES

Transactions between related parties as set out below are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

The following persons held the office of director during the half-year ended 30 June 2017 and to the date of this report:

| | |
|--|----------|
| Mr Adrian Rollke (resigned 10 April 2017) | Director |
| Mr Robert Thomson (resigned 23 February 2017) | Director |
| Mr Craig Smyth (appointed 17 February 2017; resigned 8 May 2017) | Director |
| Mr Robert Hogarth (appointed 17 February 2017) | Director |
| Mr Martin Pyle (appointed 3 February 2017) | Director |
| Mr Michael Spreadborough (appointed 16 February 2017) | Director |
| Mr Boyke Abidin (appointed 11 April 2017) | Director |

Transactions with related parties:

During the half-year, in preparation for the IPO the Company entered agreements with both executive and non-executive directors, as set out below:

Executive Service Agreement – Michael Spreadborough, Managing Director

Nusantara and Michael Spreadborough have entered into an executive service agreement under which Mr Spreadborough was appointed as Managing Director. Mr Spreadborough will be paid a salary package of A\$350,000 per annum including statutory superannuation. Mr Spreadborough is also entitled to 1,770,000 unlisted incentive options and 295,000 unlisted sign-on options. The agreement is subject to a mutual 12-month notice period.

NOTE 8: RELATED PARTIES (Continued)

Non-Executive Director Appointment – Mr Martin Pyle, Non-Executive Chairman

The Company has entered into an agreement with Mr Pyle in respect of his appointment as the Non-Executive Chairman. Mr Pyle will be paid a fee of A\$60,000 per annum (inclusive of superannuation) for his services as Non-Executive Director and Chairman and will be reimbursed for all reasonable expenses incurred in performing his duties. In addition, Mr Pyle is also entitled to receive 295,000 unlisted incentive options. The appointment of Mr Pyle as Non-Executive Chairman is otherwise in terms that are customary for an appointment of this nature.

Non-Executive Director Appointment – Mr Robert Hogarth, Non-Executive Director

The Company has entered into an agreement with Mr Hogarth in respect of his appointment as a Non-Executive Director. Mr Hogarth will be paid a fee of A\$50,000 per annum (inclusive of superannuation) for his services as Non-Executive Director and will be reimbursed for all reasonable expenses incurred in performing his duties. In addition, Mr Hogarth is also entitled to receive 295,000 unlisted incentive options. The appointment of Mr Hogarth as a Non-Executive Director is otherwise in terms that are customary for an appointment of this nature.

Executive Director Appointment – Mr Boyke Abidin, Executive Director

The Group has entered into an agreement with Mr Abidin in respect of his appointment as an Executive Director. Mr Abidin will be paid a salary of US\$94,000 per annum (inclusive of superannuation) for his services as President Director of Masmino on a part time basis and will be reimbursed for all reasonable expenses incurred in performing his duties. No additional fee is payable with respect to Mr Abidin's role as an Executive Director of the Company. In addition, Mr Abidin is also entitled to receive 442,500 unlisted incentive options. The appointment of Mr Abidin as an Executive of the Group is otherwise in terms that are customary for an appointment of this nature.

Deeds of indemnity, insurance and access

The Company is party to deeds of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a Director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect Board papers in certain circumstances once the relevant Director ceases to be a director.

Directors' and Executive Officer's holdings of shares and options

There were no shares or options held by Directors in the Company or Group during the half-year.

Transactions with Parent Entity

During the half-year, the Group's loan and advances liability to its ultimate parent entity increased by \$6,013,247 from 31 December 2016 to \$25,155,080. Prior to Nusantara's successful listing on the ASX on 2 August 2017, the Group was economically dependent on its ultimate parent entity for continued funding for its operations. The loan is non-interest bearing and at call.

Transactions with other related parties

During the half-year the Group's loan liabilities to related bodies corporate other than its ultimate parent entity decreased by \$5,139,119 from 31 December 2016 to nil. These loans are non-interest bearing and have no fixed term.

NUSANTARA RESOURCES LIMITED

ACN 150 791 290

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Nusantara Resources Limited, we declare that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 7 to 15 of the Company and subsidiaries are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company at 30 June 2017 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....
Martin Pyle
Chairman

Melbourne
Date: 8 September 2017

Independent Auditor's Review Report to the Members of Nusantara Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Nusantara Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

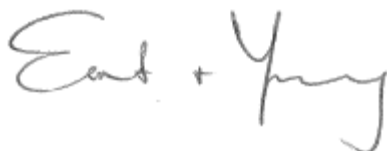
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Scott Jarrett
Partner
Sydney
8 September 2017