NUSANTARA
RESOURCES LIMITED

2017 ANNUAL REPORT

ABN: 69 150 791 290

ANNUAL GENERAL MEETING

The Nusantara Annual General Meeting will be held 10:00am, Wednesday, 30 May 2018 at the Rendezvous Hotel Melbourne.

All shareholders are invited to attend.

CORPORATE VISION

To generate returns to its shareholders by demonstrating commitment to our values in delivering:

- **Successful development and operation of the Awak Mas Gold Project;**
- **Organic growth through exploration, to realise the true value of the Awak Mas Gold Project; and**
- **Greenfield growth capitalising on other Asia - Pacific opportunities**

2017 HIGHLIGHTS

July 2017

- Prospectus secured A$16M (before costs) from the issue of 38,560,220 new shares at A$0.42 per share

August 2017

- Official quotation of the Company's shares on the Australian Securities Exchange following admission to the Official List of ASX Limited
- Grid power supply secured for Awak Mas Gold Project
- Commenced Awak Mas Gold Project Resource Extension Drilling program

September 2017

- Definitive Feasibility Study commences

October 2017

- Metallurgical breakthrough: Whole of Ore leach test-work delivers gold recoveries from 92% to 98%

November 2017

- Highly promising drilling program results received

December 2017

- Project partner engagement strategy initiated
- High impact exploration drilling program commences

2017 ANNUAL REPORT

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MANAGING DIRECTOR'S REPORT

NUSANTARA VALUES

CARING
We care about people first, ensure a safe work place for our people, are environmentally responsible and support the communities in which we operate.

INTEGRITY
We set high standards of ethics (doing what is right), honouring our commitments, and seeking relationships that are mutually beneficial.

TEAMWORK
We know that we are stronger when we collaborate, we value the views of others, we all strive to reach our potential and embrace diversity.

ACCOUNTABILITY
We take responsibility, doing what we say we will do, and are measured on the outcomes of our decisions and actions.

EXCELLENCE
We strive to achieve superior outcomes by focusing on action, continual improvement, and challenge the way we do things.

MANAGING DIRECTOR'S REPORT

Dear Shareholders,

I'm pleased to present the inaugural Annual Report.

Nusantara was listed on the Australian Securities Exchange on 2 August 2017 through a successful Initial Public Offering (IPO) that raised A$16.2 million. Our core asset is the Awak Mas Gold Project (Awak Mas) in South Sulawesi, Indonesia. Awak Mas contains a large gold resource, has been studied previously to Pre-feasibility Study (PFS), and its future development is assisted by access to great infrastructure and support of the local community. Awak Mas provides a great asset base for the future growth of Nusantara Resources.

The funds raised from the IPO have been targeted at resource definition drilling and technical studies, as part of the Definitive Feasibility Study (DFS) and upgrading the site camp.

During the year, the geological team completed a 67-hole resource drilling program that confirmed the new geological model and delivered an expansion of the Mineral Resource estimate to 2 million ounces, as released to the ASX on 31 January and 27 February 2018. Equally significant, is that this work has resulted in approximately 81% of the contained ounces for the Awak Mas Gold Project now reporting to the Indicated Resource category which will make it available for incorporation into future Ore Reserve estimates and forms the basis of the DFS and future project optimisation studies.

The DFS remains on track for completion in July 2018. The DFS has undertaken significant work in the areas of mining, metallurgy, infrastructure, approvals and environmental baseline studies. A key success of the DFS has been the selection of an alternative processing flowsheet that will deliver improved recoveries averaging between 90% and 94%.

The Company has also secured a Memorandum of Understanding with the Indonesian national power provider, PLN, for grid power for the existing facilities on site and for the future development and operation of the project. This agreement has already seen construction of the interim power arrangements facilitating demobilisation of surplus camp diesel generators.

Early in 2018, the Company realised a significant milestone from its negotiations with the Government of Indonesian. It was very pleasing to announce on 15 March 2018 that we had signed an amendment to our Contract of Work (CoW) that secures project tenure until 2050 with options for two ten-year extensions under the IUPK system. These amendments also confirm that Nusantara's local subsidiary, PT Masmindo Dwi Area (Masmindo), is the sole holder of the CoW. Additionally, in the 10th year after commercial production, Masmindo is required to offer at least 51% of its share capital to willing Indonesian participants at fair market value.

While all this has been underway, the Company has also established an excellent team of employees and consultants

to advance the Company's objectives with direction from a skilled and experienced Board. The Board has established suitable corporate governance arrangements and has actively participated with senior management in guiding the Company through these busy and exciting times.

We have delivered all of this activity through demonstrated focus on our five core values of Caring, Integrity, Teamwork, Accountability and Excellence. The drilling program and the site based DFS activities have been completed without any significant health, safety and environmental incidents; this is an outstanding achievement. We have also continued our support to the communities near our project through health, training, education and employment initiatives.

In early 2018, we welcomed Greg Foulis to the Board as Non-Executive Chairman. Greg brings a wealth of financial experience and we look forward to working with him during this exciting time for the business.

I would like to take this opportunity to acknowledge the significant contribution Martin Pyle has made to the establishment of Nusantara, as he stands down from the role of Chairman.

The whole Nusantara team look forward to an equally positive 2018 as the Company strives to deliver shareholder value through progressing the Awak Mas Gold Project.

Mike Spreadborough
Managing Director

REVIEW OF ACTIVITIES

Company Background

Nusantara Resources Limited (Nusantara) is an Australian mining company listed on the Australian Securities Exchange. The Company lodged a prospectus with ASIC on 15 June 2017 offering new shares in the Company (Offer). The Offer successfully raised A$16.2 million from the issue of 38,560,220 new shares. Nusantara was admitted to the official list of ASX limited and the Company's shares were officially quoted on the Australian Securities Exchange on 2 August 2017.

The Company is focussed on growing shareholder value by developing and operating gold projects within the Asia-Pacific region. Nusantara owns a 100% interest in the Awak Mas Gold Project (Awak Mas), located in the Luwu Regency of South Sulawesi Province, Indonesia.

Project Background

Awak Mas has been the focus of modern day exploration since 1991 by a succession of international exploration and gold mining companies including Battle Mountain, Lone Star, Placer Dome and Vista Gold. Nusantara's experienced technical team has reviewed historic data including drilling, metallurgical test work and studies, along with a number of development studies. This resulted in the development of a new geological model. This work built upon re-logging, re-assaying and interpretation work completed by Nusantara geologists and consultants on the extensive core library of a representative sample set taken from the 1,000 drill holes stored at site.

Project Tenure

Awak Mas is held by Nusantara's wholly-owned subsidiary PT Masmindo Dwi Area (Masmindo), by way of a 7th generation Contract of Work (CoW), signed on 19 February 1998 with the Government of Indonesia (GoI), under the previous legal regime for mining tenure. The CoW covers an area of 14,390 hectares and is 100%-owned.

Since the introduction of the 2009 mining law, Masmindo, along with a number of other CoW holders, has been negotiating with the GoI in good faith regarding several proposed amendments, to more closely align existing CoW's with current Indonesian mining law.

During the year, negotiations advanced considerably on a pathway to meet the objectives of both parties and on 14 March 2018, Masmindo signed an Amendment to the CoW with the GoI.

The signed amendment reaffirms Masmindo as the legal holder of the CoW with the sole rights to explore and exploit mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining operation and production business license (IUPK-OP), in accordance with the prevailing laws and regulations, which allows for two ten-year extensions.

Upon conversion of the CoW in 2050 into an IUPK-OP the license could be further extended until 2070.

The most notable amendments to the Masmindo CoW include:

- Adopting the prevailing rates for taxes and royalties featuring:
  - a corporate tax of 25%; and
  - gold royalty rate currently levied at 3.75%.
- Divestment of at least a 51% share in Masmindo (CoW holder) to Indonesian participants at fair market value according to internationally accepted practice in the 10th year of commercial production. Based on the current mine development schedule, divestment is not anticipated to be required before 2030, although Nusantara may elect to sell any percentage interest to Indonesian participants prior to this.

The amended CoW provides long-term tenure and investment stability for the development of Awak Mas. It stipulates that Masmindo shall be granted the sole rights to:

- explore for minerals and mine any deposit of minerals found in the CoW area;

- process, refine, store, and transport, by any means, minerals extracted;
- market, sell, or dispose of such products from the mines (inside and outside Indonesia) after carrying out processing and refining domestically; and to
- perform all other operations and activities necessary.

Licenses and Permits

The Indonesian Feasibility Study received its 'Technical and Economic' approval in June 2015. The AMDAL (equivalent to an Environmental Assessment Report) was approved and the Environmental Permit issued in April 2017. Masmindo received full approval of the Feasibility phase of the CoW in May 2017 and the CoW entered the Construction phase in June 2017.

In January 2018, Masmindo received a Government Decree which progressed the Masmindo CoW from the three-year 'Construction Period' into a 33-year 'Operation & Production Period'. Nusantara understands that this transition is to better align the Masmindo CoW with current Indonesian mining law. The key benefit of this progression is that it provides certainty of the CoW for the next 33 years for the development and operation of the Project until June 2050.

Safety, Quality and Security

We take seriously our commitment to health and safety; we care about people first and ensure a safe workplace.

Safety remains our first priority and we attach great importance to the health of our employees. Employees must pass a full medical check-up before they are recruited and throughout their work their health and fitness are monitored.

Nusantara has developed standard operating procedures for health and safety that reinforces workers to be vigilant at work and highlights the notion that anyone has the right to stop any unsafe act, at any time.

Nusantara holds daily morning safety meetings with employees to reinforce our safety framework. Among other factors, the safety framework at Awak Mas includes vehicle inspections regimes, project training, competency assessment and safety inspections.

All consultants coming to site first undertake a safety induction program and site activities are supported by qualified medical providers. All site activities are assessed for high risk tasks and increased supervision is applied as required.

Nusantara refurbished its onsite medical clinic, purchased an all-wheel drive ambulance and engaged International SOS Medical Solutions to undertake medical support services at site. In addition, a number of local paramedics have been recruited to ensure that all site activities have medical support available.

We are proud that during the year, there were no serious safety or health incidents. The year was 'Recordable Injury-free' (defined as Medical Treatment or Lost Injuries). This success was driven by our strong safety culture and the regime applied to all working procedures, personnel and temporary visitors to site.

As part of our safety framework, we strive to ensure that our workplace remains safe by implementing appropriate security measures. Qualified security personnel have been recruited and security posts have been constructed to monitor and check all incoming personnel and visitors to site. All people coming to and from site are formally reported and documented.

We will continue to strive to meet our very high operating standard to achieve a safe and healthy working environment at site.

Exploration Activity

Following development of the new geological model, a drilling program was designed and commenced in August 2017. The program comprising 67 diamond drill holes (for approximately 8,230 m) was designed to target areas of unclassified gold mineralisation and to upgrade Inferred Resource mineralisation across the Awak Mas and Salu Bulo deposits. The targeted drill program was aimed at validating the Nusantara Exploration Target of 0.3 Moz to 0.5 Moz, which was additional to the pre-initial public offering gold Mineral Resource of 1.74 Moz. Initially two

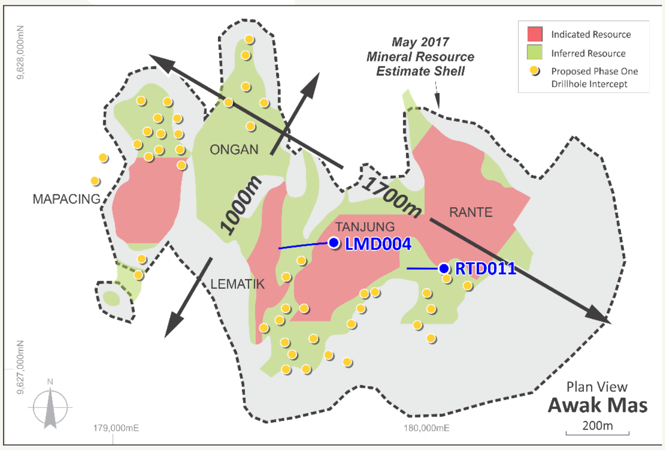


Figure 1: Awak Mas Deposit - Location of drill holes RTD011 and LMD004 and proposed Phase 1 drilling.

drill rigs were assigned to the program with a third rig commencing in later stages of the program.

Assay results from the first two drill holes, announced on 17 October 2017, successfully validated the new geological model, expanded the area of known mineralisation and demonstrated potential for deeper mineralisation.

Drill holes RTD011, in the Rante domain (Figures 1 and 2) and LMD004, within the Lematik domain (Figures 1 and 3) of the Awak Mas deposit, both intersected multiple mineralised zones with strong quartz veining and brecciation over significant downhole intervals.

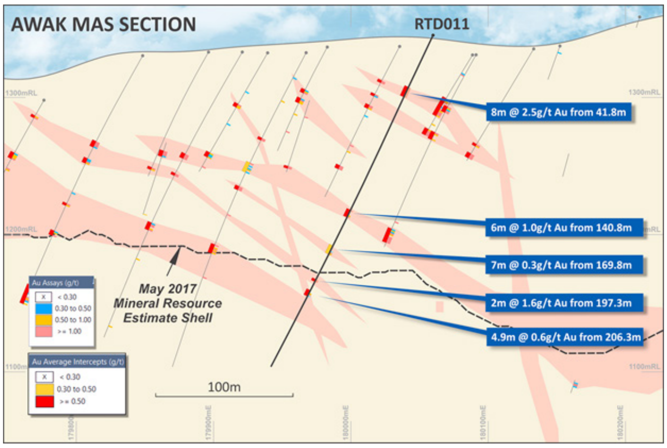


Figure 2: Cross-section of Awak Mas Deposit showing mineralised intersections >0.3g/t Au in RTD011

The deeper intersections from 365m in LMD004, demonstrate potential for the gold mineralisation to extend below the current US$1,400/oz resource shell and will be the focus of later exploration drilling.

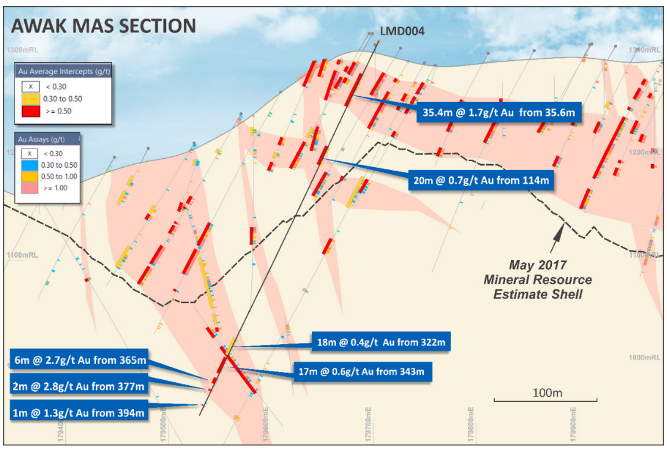


Figure 3: Cross-section of Awak Mas Deposit showing mineralised intersections >0.3g/t Au in LMD004

Successive drilling at both Awak Mas and Salu Bulo continued to grow confidence in the geological model resulting in further significant results, released in subsequent reports and selectively summarised below:

- RTD012; 15.0m at 1.3 g/t Au from 100.0m, 14.0m at 2.0 g/t Au from 143.0m
- RTD014; 17.5m at 2.7 g/t Au from 88.5m including a high-grade interval of 3.9m at 10.2 g/t Au from 102.1m
- LMD004; 35.4m at 1.7 g/t Au from 35.6m, and 6m at 2.7 g/t Au from 365m
- TJD002; 12.0m at 2.6 g/t Au from 48.0m
- SBD138; 23.2m at 2.8 g/t Au from 0m, including 9.5m at 4.1 g/t Au from 2m
- SBD139; 30.1m at 2.8 g/t Au from 53.4m, including 8m at 7.4 g/t Au from 69.5m
- SBD140M; 13.7m at 3.4 g/t Au from 35.4m, including 3m at 8.1 g/t Au from 44.1m
- SBD143; 36.0m at 2.0 g/t Au from 103.0m, including 10.0m at 4.1 g/t Au from 105.0m.

Nusantara's increasing confidence in the understanding of the Awak Mas deposit geological model led to the commencement of a step-out exploration drilling program late in the year. This program was designed to test for extensions of the Awak Mas and Salu Bulo deposits and explore for structural repetitions along the intervening Mine Corridor (Figure 4).

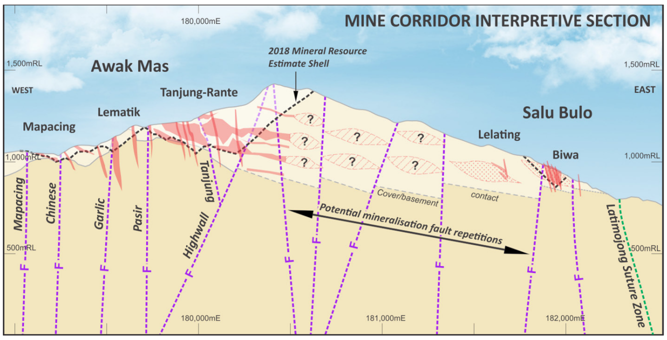


Figure 4: Interpreted structural repetitions between Awak Mas and Salu Bulo deposits

At Awak Mas the first exploration hole (HWD001) in the eastern Highwall area, where very limited drilling had been targeted historically (Figure 5), was completed in December 2017. Visual indication of mineralisation observed in logging supported the interpretation of these zones. This being a continuation of the same style of mineralisation as seen in the Rante Domain of the Awak Mas deposit. Assay results were received and announced in Q1 2018.

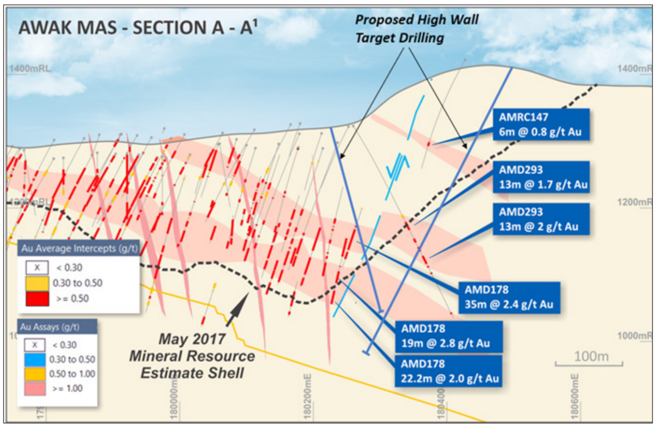


Figure 5: Initial two-hole Highwall eastern extension drilling proposal to test geological model of mineralisation continuing across Highwall Fault

Results from the Awak Mas Highwall eastern extension drilling have been extremely promising, resulting in several additional zones being modelled which will be incorporated into the Final April 2018 Mineral Resource Estimate (MRE).

Nusantara's primary focus is to continue exploration within the immediate mine area, with a secondary focus over the entire CoW area. Encouraged by exploration success to date, target generation will concentrate on further developing 'known' prospects; a wider approach will see application of the current geological model applied to the two clear 'corridors' which have yet to be tested by Nusantara.

Figure 6: Over 16 High grade exploration targets recognised previously

A clear set of exploration parameters include:

- Aspirational exploration goal: >5 Moz gold field
- East Corridor – Salu Bulo to Tarra – 'walk-up' targets at Kandeapi and Salu Kombong
- Mine Corridor - Awak Mas to Salu Bulo - closest to planned processing plant - PRIORITY
- High impact potential targets between Awak Mas and Salu Bulo
- Greenfields exploration on unexplored areas in Northern and Southern parts of CoW.

Resource Update

On 31 January and 27 February 2018, the Company released Mineral Resource updates to reflect progressive assay results from the drilling programs conducted during the 2017 year. The current Awak Mas Gold MRE now includes results from 25 drill holes at the Awak Mas deposit and 12 drill holes at the Salu Bulo deposit.

	Classification	Tonnes (mt)	Au Grade (g/t)	Contained Gold (Moz)
Awak Mas	Measured	-	-	-
	Indicated	31.6	1.43	1.45
	Inferred	7.4	1.11	0.26
	Sub-total	**39.0**	**1.37**	**1.72**
Salu Bulo	Measured	-	-	-
	Indicated	3.0	1.60	0.16
	Inferred	0.7	1.24	0.03
	Sub-total	**3.7**	**1.53**	**0.18**
Tarra	Measured	-	-	-
	Indicated	-	-	-
	Inferred	2.3	1.34	0.10
	Sub-total	**2.3**	**1.34**	**0.10**
Total	**Measured**	-	-	-
	Indicated	**34.6**	**1.45**	**1.61**
	Inferred	**10.3**	**1.17**	**0.39**
	Total	**45.0**	**1.38**	**2.00**

Table 1: Awak Mas Mineral Resource estimates (February 2018) by deposit at 0.5 g/t Au cut-off and constrained within a US$1400/oz optimisation shell.

The total Indicated and Inferred Resource at 0.5 g/t Au cut-off for Awak Mas (inclusive of the Awak Mas, Salu Bulo and Tarra deposits), following the February 2018 Salu Bulo deposit MRE update, now stands at 45.0 Mt at 1.38 g/t Au for 2.00 Moz constrained within US$1,400/oz optimisation shells.

Nusantara owns 100% interest in the Awak Mas Gold Project and reaffirmed its tenure on 14 March 2018, when Masmindo signed an Amendment to the Contract of Work (CoW) with the Government of Indonesia. The signed amendment reaffirms PT Masmindo as the legal holder of the CoW with the sole rights to explore and exploit mineral deposits within the CoW area until 2050.

Importantly, approximately 81% of the contained ounces for Awak Mas now report to the Indicated Resource category and will be available for incorporation into a future Ore Reserve estimate.

Feasibility Study

During the year, Nusantara commenced a Definitive Feasibility Study (DFS) into the proposed development of Awak Mas. The DFS aims to advance the high-quality study work previously completed. Initially, the DFS will focus on mine plan optimisation using the latest MRE, revised mining costs, and process flowsheet enhancements incorporating the benefits of low cost grid power. This DFS will be delivered in 2018.

Nusantara appointed experienced mining industry consultants with relevant Indonesian expertise for the DFS as follows:

- Cube Consulting (Geology)
- AMC Consultants (Mining, geotechnical and hydrogeology)
- Minnovo (Metallurgy and processing)
- PT Geotechnical and Environmental Services Indonesia (Golder Associates) (Hydrology, water and tailings management)
- PT Lorax Indonesia (Environment studies)
- PT Resindo Resources & Energy (Infrastructure and lead consultant)

Key milestones leading up to the completion of the DFS and an investment decision are a Mineral Resource update in Q1 2018 and an Ore Reserve estimate in mid-2018.

Metallurgical Test-work

One of the early breakthroughs in the DFS optimisation is improved metallurgical recoveries from Whole of Ore carbon in leach ('CIL') test-work.

Test-work involving a 75-micron grind with gravity separation of coarse gold, followed by leaching for 24 hours, has now been completed on samples from five of the seven ore domains (comprising three of the five domains in the Awak Mas deposit and samples from the Salu Bulo and the Tarra deposits).

Gold extractions ranging from 92% to 98% within a 24-hour leach time were reported. Pending further test-work, an overall gold recovery in the range of 90% to 94% is expected for the project across all domains using this flowsheet. This is a significant recovery breakthrough from the previously considered gold flotation and CIL flowsheet that had anticipated recoveries in the range of 85% to 91%.

The test-work also reported low to moderate consumption rates for lime and cyanide, and low levels of deleterious elements. These results combined with low-cost grid power and previous assessments of moderate grind-ability, support previous estimates of low processing costs in the range of US$8 to US$10/tonne.

Given the improved gold recovery, a simplified process flowsheet and low processing costs, the DFS will now focus on fully developing Whole of Ore CIL processing infrastructure. The test-work program will be expanded to identify gaps and bring the metallurgical test-work to DFS standard, using previous drill core and samples from the drilling program currently in progress.

Infrastructure

During the year, Nusantara entered a non-binding memorandum of understanding (MOU) with the State-owned power utility PT PLN for the provision of grid power to Awak Mas. The MOU covers:

- interim power to existing facilities and proposed construction facilities; and
- long-term, low cost power, via a high voltage connection of approximately 35km to be constructed in time for commissioning of the proposed mining project (Figure 7), subject to the execution of a final agreement by June 2018.

PT PLN commenced construction of the interim power arrangements. This supply will have sufficient capacity for all development and construction activities. In addition, PLN continue with their roll out of high voltage infrastructure within the Luwu region, with transmission capacity being installed. During Q1 2018 PT PLN completed construction of the interim power arrangements and the Awak Mas camp commenced demobilising surplus diesel generators.

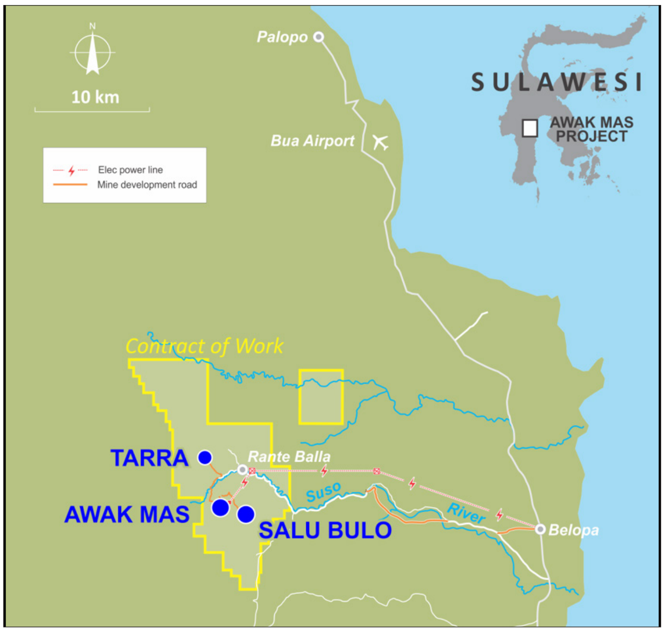


Figure 7: Awak Mas Gold Project and location of proposed high voltage grid power connection

Community

We care about the people and the impact of our operations on the local communities. We endeavour to support the communities in which we operate. The Company has developed four main areas for community engagement and support: education; health; infrastructure; and economic empowerment.

Nusantara Community officers have engaged in social mapping of the local communities to better understand the needs and problems of the community. Whilst Awak Mas is in the development stage, our activities are limited. However, through focused engagement we have contributed to the lives of the people in the local communities surrounding the project area.

Our Community officers regularly visit local villages engaging in local events and discussions. Our community engagement programs follow through to community leaders and local governments. During the year, Nusantara hosted the Sultan of Luwu Regency at the Awak Mas camp, further strengthening ties to the local community.

The Company has been active in its support of education in the local community and finished the construction of a school in the village of Boneposi, supporting grades 1 through to 6, which was officially registered as a state school in 2017. We continue to support the school with donations for the teachers and desks, lunch boxes, food and milk supplements, and school supplies for the students. The Company is proud of its contribution to the education of the village of Boneposi and will continue to evaluate ways to improve its contribution. The Company has also provided donations and support to other schools in the local communities.

The Company also supported the implementation of nutritional supplements for healthy babies and mothers in six villages surrounding the project. As part of a sanitary program, Nusantara undertook renovation and repair works on public toilets, to improve the facilities for the local community. Nusantara organised vaccinations for children and mothers endorsing healthy lifestyle programs which are continually evaluated and discussed with the local communities. These programs do not require significant funding but improve the wellbeing of the local communities.

Nusantara has also contributed to the renovation of churches and mosques in the local villages and communities surrounding the project.

Nusantara rehabilitated the access road from Rante to the camp. This road improvement was welcomed by the local communities and made travelling to and from the villages safer.

Nusantara has conducted programs designed to facilitate the economic empowerment of the local youth through a training program for motorcycle repairs, commissioning local tailors for company uniforms and local purchasing of supplies. A concerted effort has been made to employ as many local people as possible.

Our engagement and community support programs continue to cultivate meaningful connections with the communities in which we operate.

Environment

The Company's environmental plan complies with prevailing laws and regulations on environmental protection. Nusantara actively seeks to protect the environment in which it operates, implementing a number of environmental monitoring activities including rainfall data collection; ground and surface water monitoring; and revegetation programs.

During the year the Company maintained regular monitoring programs and undertook a wet season baseline study. A number of environmental baseline studies have been completed in the past and the Company continually updates its environmental database for the Awak Mas CoW and surrounding area. Environmental monitoring is conducted for Surface Water quality; Hydrology; Meteorology; Ambient Air Quality and Noise; Terrestrial Flora and Fauna; and Aquatic Ecology.

Surface Water Quality samples are undertaken at 13 monitoring points for dissolved metals, anions, nutrients, organics, microbiological and physicals. Hydrology monitoring is undertaken at 12 monitoring points to assess stream velocity and stream cross sections. Meteorology monitoring is conducted through an automated weather station for temperature; wind speed and direction; and relative humidity, while rainfall is conducted by a manual rain gauge. The Company purchased an evaporation pan in 2017 to assess evaporation rates. Ambient Air Quality and Noise is assessed at 4 monitoring points while Flora and Fauna assessment is conducted every 6 months from 3 locations. Aquatic Ecology monitoring is undertaken every 6 months from 3 locations.

During the year the Company has initiated an agricultural replantation program to replace crops disturbed during site activities as well as a hazardous waste removal system.

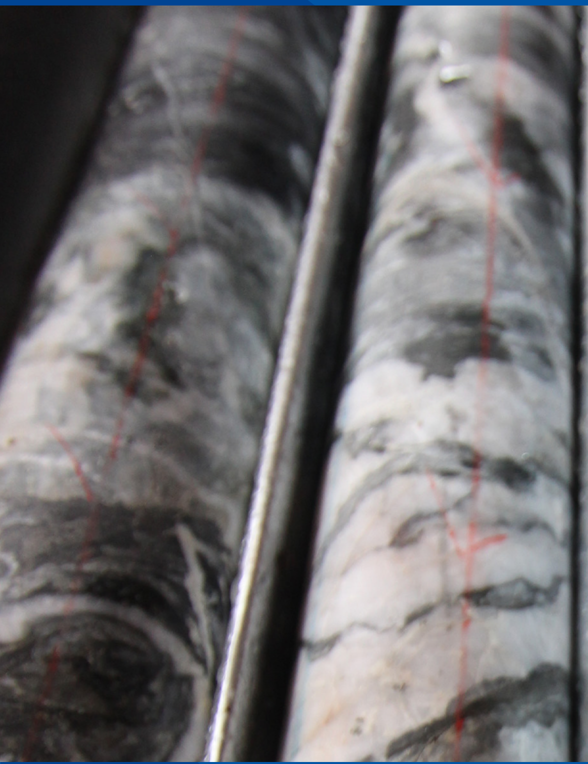
CORPORATE GOVERNANCE

The Board is responsible for establishing and retaining the Company's corporate governance framework. Where possible, and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council. The table below explains departures from these recommendations.

Recommendation	Nature of departure	Explanation for departure
1.5	Measurable objectives for achieving gender diversity have not been established or disclosed.	The Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees. The Company has however adopted a Diversity Policy which outlines the Company's objectives in the provision of equal opportunities in respect of employment and employment conditions. The Diversity Policy is available on the Company's website. The Company will review the requirement to set and report on measurable objectives for achieving gender diversity as the Company's operations and employee numbers grow.
2.1	The Board should have a Nomination Committee.	The Company has not constituted a Nomination Committee given the size of the Board and the nature and scale of the Company's operations. The full Board carries out the role of a Nomination Committee in accordance with the Nomination Committee Charter.
2.4	The majority of the Board should be independent directors	The Board believes that, given the size of the Company, the nature of its operations and the ability of all incumbent Directors to bring an independent judgment to bear in Board deliberations, the current Board composition is appropriate for the Company in its present stage of development and allows for the best utilisation of the experience and expertise of its members. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.
4.1	The Board should have an Audit Committee.	The Board does not have a separately constituted Audit Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Audit Committee.
7.1	The Board should have a committee to oversee risk.	The Board has not constituted a Risk Committee given the size of the Board and the nature and scale of its activities. The Board as a whole is responsible for the oversight of the Company's risk management and internal compliance and control framework. Following admission to quotation, responsibility for control of risk management was delegated to the appropriate level of management within the Company, with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework.
8.1	The Board should have a Remuneration Committee.	The Board does not have a separately constituted Remuneration Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

The Company's corporate governance statement can be found at the following URL: http://nusantararesources.com/corporate-governance/

Complete details of the Company's corporate governance policies are available on the Company's website of www.nusantararesources.com



Annual Financial Report

for the year ended 31 December 2017

- Directors' Report
- Auditor's Independence Declaration
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Financial Statements
- Director's Declaration
- Auditor's Report

DIRECTORS' REPORT

The Directors present their report together with the financial statements for Nusantara Resources Limited ("Nusantara" or "the Company") and its controlled entities (collectively the "Group"), for the financial year ended 31 December 2017.

Directors

The following persons held the office of Director during the year ended 31 December 2017 and to the date of this report unless otherwise stated:

Mr Martin Pyle (appointed 3 February 2017)	Chairman
Mr Michael Spreadborough (appointed 16 February 2017)	Managing Director
Mr Robert Hogarth (appointed 17 February 2017)	Director
Mr Boyke Abidin (appointed 11 April 2017)	Director
Mr Robin Widdup (appointed 28 February 2018)	Director
Mr Adrian Rollke (resigned 10 April 2017)	Director
Mr Craig Smyth (appointed 24 February 2017, resigned 8 May 2017)	Director
Mr Robert Thomson (resigned 23 February 2017)	Director

Directors have been in office since the start of the financial year unless otherwise stated in this report.

Company Secretary

Ms Jane Rose was appointed company secretary on 21 April 2017. Mr Craig Smyth resigned as company secretary on 24 April 2017.

Ultimate Parent Company

On 28 July 2017 One Asia Resources Limited ("One Asia") undertook a demerger of its wholly owned subsidiary Nusantara, listing the Company on the ASX through an initial public offering ("IPO"). Shareholders in One Asia received shares in the Company by way of an in-specie distribution, and One Asia no longer holds any shares in the Company.

Principal Activities and Significant Changes in the Nature of Activities

The principal activity of the Group during the financial year was gold exploration and evaluation focusing on the Awak Mas Gold Project in Sulawesi, Indonesia.

On 2 February 2017 the Company approved the change to become a public company and change of name to Nusantara Resources Limited (formerly Awak Mas Holdings Pty Ltd). In addition in the lead up to the IPO of the Company, a new constitution consistent with an ASX listed company was adopted and new Directors and executives appointed.

Operating Results

The consolidated loss of the Group was $2,240,873 after providing for income tax (2016: loss of $448,708).

During the year the Group continued its ongoing exploration and evaluation work on the 100%-owned Awak Mas Gold Project under a Contract of Work ("CoW"). On 2 August 2017 the Company completed an IPO raising of A$16.2 million to advance the project, commencing a 10,000m drilling program and a definitive feasibility study.

As announced on 2 February 2018, the Awak Mas Gold Project Mineral Resource Estimate now stands at 2.0 Moz following updates for the Awak Mas and Salu Bulo deposits, with a further update anticipated in April 2018 incorporating all drilling from a 10,000m drilling program that was completed in March 2018. In addition, targeted exploration drilling testing the potential eastern extension of the Awak Mas deposit returned encouraging results suggesting that the mineralisation extends to the east.

Operating Results (Continued)

During the year the Group continued dialogue with the Government of Indonesia ("GoI") in relation to possible amendments to the Awak Mas CoW, with the GoI seeking to align key terms with the provisions of the 2009 Mining Law. On 15 March 2018 the Group announced that it had reached agreement with the GoI on several amendments to the Awak Mas CoW. The signed amendment reaffirms PT Masmindo as the legal holder of the CoW with the sole rights to explore and exploit any mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining business licence (IUPK) in accordance with prevailing laws and regulations, which currently allows for an extension of 10 years and a further extension of 10 years. The agreed amendments to the PT Masmindo CoW include:

- adopting the prevailing rates for taxes and royalties featuring a corporate tax rate of 25% and a gold royalty rate currently levied at 3.75%; and
- the divestment of at least a 51% share in the CoW to Indonesian participants at fair market value according to internationally accepted practice by the 10th year of commercial production. Based on the current mine development schedule, divestment is not anticipated to be required before 2030, although Nusantara may elect to sell any percentage interest prior to this time.

During the year, Nusantara commenced a process to engage with a strategic partner for the planned development of the Awak Mas Gold Project. The intent of this process is to introduce a reputable Indonesian national group to become a joint venture partner in the Project. Dialogue with several groups to date has been encouraging. It should be noted that under current Indonesian mining law for all mining permits, no further divestment would be required to a government entity to the extent that an Indonesian investor already owns the specified interest in a mining project. Therefore, introducing an Indonesian partner will not only share project risk and assist with the Project funding requirements, but also align the CoW ownership with current Indonesian mining law.

Financial Position

The net assets of the Group have increased by $34,687,349 from a net liability of ($2,164,674) at 31 December 2016 to net assets $32,522,675 as at 31 December 2017 due to the restructuring of loans from related body corporates and successful IPO during the year.

Significant Changes in State of Affairs

There are no significant changes in the state of affairs of the Group during the financial year, other than as disclosed in the Directors' Report.

Dividends Paid or Recommended

No dividend has been declared or paid by the Group. The Directors do not recommend the payment of a dividend for the year ended 31 December 2017.

Significant Events After Balance Date

On 15 March 2018 the Group announced that it had reached agreement with the GoI on several amendments to the Awak Mas CoW. The signed amendment reaffirms PT Masmindo as the legal holder of the CoW with the sole rights to explore and exploit any mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining business licence (IUPK) in accordance with prevailing laws and regulations, which currently allows for an extension of 10 years and a further extension of 10 years.

Other than the matter above, no matters have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Future Developments

The Group's primary strategy will continue to focus on exploration, evaluation and development activities at the Awak Mas Gold Project.

Information on Directors

Michael Spreadborough	**Director (Appointed 16 February 2017)**
Qualifications and experience	Mike Spreadborough is a mining engineer with extensive experience in the development and operation of mineral resources projects spanning a range of commodities including copper, gold, uranium, lead, zinc and iron ore. Over the past 20 years Mike has held senior executive roles with a number of mining companies including Chief Operating Officer of Sandfire Resources and Inova Resources Ltd (formerly Ivanhoe Australia), General Manager, Coastal Operations for Rio Tinto and General Manager, Mining for WMC and later Vice President, Mining for BHP Billiton at the world-class Olympic Dam mine in South Australia. Mike holds a Bachelor of Mining Engineering from the University of Queensland and an MBA from Deakin University, as well as a WA First Class Mine Manager's Certificate of Competency. He is also a Non-Executive Director of Clean TeQ Holdings Limited (appointed December 2016).
Rob Hogarth	**Director (Appointed 17 Feburary 2017)**
Qualifications and experience	Rob Hogarth built his mining industry expertise during a 37-year career with KPMG where he was leader of KPMG's Energy and Natural Resources and Major Projects Advisory Practices and lead partner for many of the firm's listed mining clients working with large and small companies in the Asia Pacific region. He has been involved with Indonesia since 1983. Since retiring from KPMG in 2009 he has become a Non-Executive Director of a range of companies, including AMC Consultants, and sits on a number of audit committees. Rob is also a member of the Interim Advisory Board of the Environment Protection Authority of Victoria and a Non-Executive Director of Federation Training and PR Exploration Pty Ltd. He was a Non-Executive Director of Dart Mining NL from February 2014 to June 2015. Rob holds a Bachelor of Economics (Accounting and Business Law) and is a Fellow, Institute of Chartered Accountants in Australia.
Martin Pyle	**Chairman (Appointed 3 February 2017)**
Qualifications and experience	Martin Pyle is a geologist and a mining industry specialist with over 30 years' experience in the finance and resources industry in Australia. Having worked across a diverse range of commodities and been involved in various ASX listed companies, he has particular expertise in geology, exploration, resource and reserve estimation and feasibility study analysis. He currently serves as Managing Director of Aurora Minerals Limited (appointed May 2010) and is Non Executive Director of Peninsula Mines Limited (appointed May 2010). Martin was a Non Executive Director of Gold Road Resources Limited from June 2010 to June 2017 and Golden Rim Resources Limited from July 2014 to May 2015. Martin was previously in senior corporate finance roles with prominent Australian stock broking firms where he was responsible for the generation and execution of resources related equity raisings, mergers and acquisitions, corporate advisory and research, as well as resource analysis. Martin holds a Bachelor of Science (First Class Honours - Geology) and a MBA.
Boyke Abidin	**Director (Appointed 11 April 2017)**
Qualifications and experience	Boyke holds a Bachelor of Science in Business Administration from International University Europe – London. He has more than 25 years' experience in Indonesian management. Previously a Government Liaison Officer for Rawas Gold Mine in South Sumatra, Boyke has extensive in-country expertise. He is President Director of Indonesian Operations for One Asia and has been a Director of the Company's subsidiary PT Masmindo DWI Area since 2000. He is also a Director of PT Pani Resources Indonesia, PT Dwinad Nusa Sejahtera and PT Sorikmas Mining.

Robin Widdup Qualifications and experience	**Director (Appointed 28 February 2018)** Robin is the founder and a director of the Company's largest shareholder, Lion Selection Group Limited. Robin has 40 years of mining industry and equity market experience. Following working in a range of operations in the United Kingdom, Zambia and Australia, Robin joined the J B Were & Sons Resource Research team, prior to founding Lion Selection Group and Lion Manager in 1997. He is currently Managing Director of Lion Manager, director of Lion Selection Group Limited (appointed January 2011), and a non-executive director of One Asia Resources Limited and Asian Mineral Resources Ltd (October 2010).
Adrian Rollke Qualifications and experience	**Director (Resigned 10 April 2017)** Adrian Rollke is a co-founder and acting Managing Director of One Asia. Adrian has 25 years of experience in the resource industry and started his career in 1992 as an accountant for two resources companies listed on the Toronto Stock Exchange. In 1996 he became Corporate Secretary for Atlanta Gold Corporation, a TSE listed company. Adrian was instrumental in the organisation and development of Pencari Mining Corporation (formerly Azure Resources Corporation). He founded and brought the company public on the TSX Venture Exchange in 2003. Adrian holds a BA in Economics from the University of Western Ontario.
Robert Thomson Qualifications and experience	**Director (Resigned 23 February 2017)** Rob has over 30 years of experience covering exploration, bankable feasibility studies, construction, operations and company/project financing. Rob was formerly the General Manager Development for Kingsgate's Chatree Mine in Thailand and Project Director of Oxiana's Sepon Gold Mine in Laos. Rob was CEO of Philippine focussed Climax Mining Limited from 2003 to 2006 which merged, including the Didipio Project, into Oceana Gold and CEO/Director of Vietnam focussed Asian Mineral Resources Limited from 2006 to 2008. Rob was Executive Director of Finders Resources Limited responsible for the Wetar Copper Cathode Development in Indonesia. Rob holds a BE (Mining) from the University of Queensland, an MBA from the University of Wollongong, and is a fellow of the AusIMM. Rob Thomson is a Non-Executive Director of One Asia and was appointed Managing Director of the Stonewall group of companies including Stonewall Resources Limited (ASX SWJ) and Stonewall Mining (South Africa) in November 2016. Rob was a Non-Executive Director of Golden Cross Resources Limited from April 2014 to December 2017.
Craig Smyth Qualifications and experience	**Chief Financial Officer** **Director (Appointed 24 February 2017, Resigned 8 May 2017)** Craig Smyth has a background in finance, graduating from the Victoria University of Wellington with a Bachelor of Commerce and Administration, and completed his Master of Applied Finance at the University of Melbourne. Craig's financial background includes Coopers Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia. Craig is Chief Executive Officer of Lion Selection Group Limited and an Executive Director of Lion Manager Pty Ltd.
Jane Rose Qualifications and experience	**Company Secretary (Appointed 21 April 2017)** Jane Rose commenced work in 1983 as a legal administrative assistant. During the following 12 years, Jane held senior administrative positions with Phillips Fox and Corrs Chambers Westgarth in Melbourne and Nabarro Nathanson in London. On returning to Australia, Jane worked as Executive Assistant to the Managing Director of Acacia Resources Limited and AngloGold Ashanti Limited where she was also responsible for the management of various corporate initiatives, including marketing and co-ordination of investor relations activities. Jane is Company Secretary and Corporate Relations Manager of Lion Selection Group Limited.

Meetings of the Board

The Board of Directors held 16 meetings during the year ended 31 December 2017. Attendances of Directors at these meetings are shown in the table below:

	Meetings Attended	Number eligible to attend
Mr Martin Pyle	16	16
Mr Rob Hogarth	16	16
Mr Michael Spreadborough	16	16
Mr Boyke Abidin	14	14
Mr Craig Smyth	6	6
Mr Adrian Rollke	2	4
Mr Robert Thomson	-	1
Mr Robin Widdup	-	-

Indemnification of Directors and Officers

Under the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such by an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred in defending proceedings in which judgment is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify the auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Share Options

At the reporting date of this report, the unissued ordinary shares of Nusantara under option are as follows:

Grant Date	Expiry Date	Exercise Price	Listed Options	Unlisted Options
14/11/2017	14/11/2018	$0.42	32,508,392	-
28/07/2017	02/08/2021	$0.61	-	4,425,000[1]
28/07/2017	02/08/2020	$0.42	-	177,000
28/07/2017	02/08/2020	$0.42	-	295,000[2]

[1] 2,802,500 escrowed until 2 August 2019

[2] escrowed until 2 August 2019

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the year 1,667 shares were issued as a result of the exercise of options.

Non – Audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that any services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year, Ernst and Young acted as the investigating accountant for the Company IPO and were paid $33,955 for the services provided. Other than the investigating accountant advice, no other fees were paid to Ernst & Young for non-audit services provided during the year ended 31 December 2017.

Environmental Regulations and Performance

The Group's operations are subject to significant environmental regulation under the laws of Indonesia. The Directors are not aware of any breaches of the legislation during the financial year that are material in nature.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2017 is set out on page 10 and forms part of this report.

Remuneration Report (Audited)

The Directors of Nusantara present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 31 December 2017. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for Nusantara's key management personnel (KMP):

- Non-executive directors
- Executive directors and senior executives (collectively the executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The table below outlines the KMP of the Group and their movements during 2017:

Key Management Person	Position	Term as KMP
Non Executive Directors		
Martin Pyle	Non-Executive Chair	Appointed 3 February 2017
Rob Hogarth	Non-Executive Director	Appointed 17 February 2017
Rob Thomson	Non-Executive Director	Ceased 23 February 2017
Executive Directors		
Mike Spreadbrough	Managing Director	Appointed 16 February 2017
Boyke Abidin	Executive Director	Appointed 11 April 2017
Adrian Rollke[1]	Executive Director	Ceased 10 April 2017
Other Key Management Personnel		
Craig Smyth	Chief Financial Officer	Appointed 1 May 2017[2]
	Executive Director	Appointed 24 February 2017
		Ceased 8 May 2017
Jane Rose	Company Secretary	Appointed 21 April 2017

[1] At the date of this report Mr Rollke remains in his position as Country Manager Indonesia.

[2] At the date of this report Mr Smyth remains in his position as Chief Financial Officer.

Remuneration Policy

The full Board fulfils the roles of remuneration committee and is governed by the Group's adopted remuneration policy This policy governs the operations of the Board. The Board shall review and reassess the policy at least annually and obtain the approval of the Board.

General Director Remuneration

Shareholder approval must be obtained in relation to the overall limit set for Non Executive Directors' fees, currently A$250,000/year. The Directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any broad-based equity based compensation schemes and if a recommendation is made for a Director to participate in an equity scheme, that participation must be approved by the shareholders.

Executive Remuneration

The Group's remuneration policy for Executive Directors and senior management is designed to promote superior performance and long-term commitment to the Group. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligations to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

(a) Reward reflects the competitive market in which the Group operates;

(b) Individual reward should be linked to performance criteria; and

(c) Executives should be rewarded for both financial and non-financial performance.

Details of Remuneration for Year Ended 31 December 2017

The remuneration for each Director and the senior Executive of Nusantara during the year was as follows:

2017 **Key Management Person**	**Short Term Benefits Salaries/Fees** **US$**	**Post-Employment Superannuation** **US$**	**Share Based Payment – Options** **US$**	**Total** **US$**
Directors				
Martin Pyle	42,859	-	12,679	55,538
Rob Hogarth	31,133	2,959	12,679	46,771
Rob Thomson	-	-	-	-
Executive Directors				
Mike Spreadbrough	107,273	6,369	125,590	239,232
Boyke Abidin	77,118	-	19,019	96,137
Other Key Management Personnel				
Craig Smyth[1]	-	-	19,019	19,019
Adrian Rollke[2]	81,484	-	12,679	94,163
Jane Rose[1]	-	-	-	-
	339,867	**9,328**	**201,665**	**550,860**

[1] Services Agreement with Lion Manager Pty Ltd which commenced on 1 July 2017 to provide accounting and corporate secretarial services. Monthly fee of A$17,500 (plus GST), ceasing on 31 March 2018. No additional fee is payable with respect to Mr Smyth's role as Chief Financial Officer or Ms Jane Rose as Company Secretary of the Company.

[2] Mr Rollke remuneration relates to his position as Country Manager Indonesia.

Details of Remuneration for Year Ended 31 December 2016

2016 Key Management Person	Short Term Benefits Salaries/Fees US$	Post-Employment Superannuation US$	Share Based Payment – Options US$	Total US$
Directors				
Adrian Rollke	-	-	-	-
Rob Thomson	-	-	-	-
Other Key Management Personnel				
Boyke Abidin	72,000	-	-	72,000
	72,000	**-**	**-**	**72,000**

Details of Shares Held by Key Management Personnel

2017 Key Management Person	Opening Balance 1.1.2017	Shares Acquired 2017	Shares issued as Remuneration	Closing Balance 31.12.2017
Mike Spreadborough	-	180,000	-	180,000
Martin Pyle	-	657,143	-	657,143
Rob Hogarth	-	-	-	-
Boyke Abidin	-	165,235	-	165,235
Adrian Rollke	-	1,009,452	-	1,009,452
Craig Smyth[5]	-	1,417,543	-	1,417,543
	-	3,429,373	-	3,429,373

Details of Options Held by Key Management Personnel

2017 Key Management Person	Opening Balance	Options Granted on Appointment	Unlisted Incentive Options	Listed Loyalty Options	Closing Balance as at 31.12.2017
Martin Pyle	-	-	295,000[2]	219,049[4]	514,049
Rob Hogarth	-	-	295,000[2]	-	295,000
Boyke Abidin	-	-	442,500[2]	55,078[4]	497,578
Mike Spreadborough	-	295,000[1]	1,770,000[2]	60,000[4]	2,125,000
Adrian Rollke	-	-	295,000[2]	336,484[4]	631,484
Craig Smyth[5]	-	-	442,500[3]	472,514[4]	915,014
	-	295,000	3,540,000	1,143,125	4,978,125

[1] Escrowed until 2 August 2019, expiry 2 August 2020, exercise price A$0.42.

[2] Escrowed until 2 August 2019, expiry 2 August 2021, exercise price A$0.61.

[3] Expiry 2 August 2021, exercise price A$0.61.

[4] Expiry 14 November 2018, exercise price A$0.42

[5] Mr Smyth is employed by Lion Manager Pty Ltd and holds a beneficial interest in the shares of that Company. Lion Manager Pty Ltd holds 1,128,547 shares, 442,500 Incentive Options and 376,182 Loyalty Options in Nusantara Resources Limited.

The sign-on and incentive options lapse or are deemed to be forfeited 90 days after the option holder ceases to be an executive of Nusantara, unless the Board determines otherwise.

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The Terms and Conditions of all options granted in any year which affected or will affect compensations is as follows.

Item	Sign On Options	Tranche 1	Tranche 2	Tranche 3
Assessed fair value at grant date (A$)	$0.22	$0.21	$0.21	$0.21
Number of options	472,000	1,475,000[1]	1,475,000[1]	1,475,000[1]
Vesting Conditions	N/A	When the Company is listed and the 45 day VWAP of the Shares is 25% above the Issue Price or greater	Decision to mine at the Awak Mas Gold Project	Commencement of commercial production at the Awak Mas Gold Project
Vesting Date	28/07/2017	28/07/2018	28/07/2019	28/07/2020
Exercise Price (A$)	$0.42	$0.61	$0.61	$0.61
Grant Date	28/07/2017	28/07/2017	28/07/2017	28/07/2017
Expiry Date	28/07/2020	28/07/2021	28/07/2021	28/07/2021

[1] Each Incentive Option recipient receives one-third of their options in each tranche

Details of Shares and Options Held by Key Management Personnel – Year Ended 31 December 2016

There were no shares or options held by Key Management Personnel during the year ended 31 December 2016.

Employment agreements

Executives are employed under a open ended employment contract which can be terminated with notice by either the Company or the executive.

The table below summarises amounts payable to Directors (inclusive of superannuation):

Director	Annual Director's fee A$	Wages, salaries and/or bonuses A$
Martin Pyle	60,000	-
Robert Hogarth	50,000	-
Robin Widdup	50,000	-
Michael Spreadborough	-	350,000
Boyke Abidin[1]	-	121,000

[1] Mr Abidin is employed by a wholly owned subsidiary of the Company, receiving US$94,000 pa.

NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs

The MD and executives' termination provisions are as follows:

Executive	Termination payment	Termination cause	Resignation
Michael Spreadborough	12 months	None	3 months
Colin McMillan	12 months	None	3 months
Boyke Abidin	12 months	N/A	None

This Directors' Report, is signed in accordance with a resolution of the Board of Directors.

Mr Rob Hogarth
DIRECTOR

28 March 2018
MELBOURNE

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of Nusantara Resources Limited for the financial year ended 31 December 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 audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Scott Jarrett
Partner
28 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $US	2016 $US
Income			
Interest Income		214	-
Expenses			
Employee and Directors benefits expense		(759,443)	(237,875)
Share based remuneration	23	(269,412)	-
Professional fees and consultants		(504,622)	-
Depreciation and amortisation		(51,599)	(65,230)
Write off fixed assets		(102,885)	-
Community and social		(40,016)	(15,570)
Other expenses		(513,110)	(130,033)
Loss before income tax		**(2,240,873)**	**(448,708)**
Income tax expense	3	-	-
Loss for the year		(2,240,873)	(448,708)
Change to Foreign Currency Translation			
Items that may be reclassified subsequently to profit or loss		(139,454)	-
Total Comprehensive Loss for the year attributable to owners of the parent		**(2,380,327)**	**(448,708)**
Loss per share			
From continuing operations:			
Basic loss per share (cents)	18	(5.3)	(44,870,800)
Diluted loss per share (cents)	18	(5.3)	(44,870,800)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 $US	2016 $US
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	7,433,666	106,274
Other receivables	7	260,928	67,845
TOTAL CURRENT ASSETS		**7,694,594**	**174,119**
NON-CURRENT ASSETS			
Property, plant and equipment	11	83,310	60,412
Exploration and evaluation expenditure	12	25,922,423	22,851,800
Other assets	13	73,421	84,003
TOTAL NON-CURRENT ASSETS		**26,079,154**	**22,996,215**
TOTAL ASSETS		**33,773,748**	**23,170,334**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,108,186	217,157
Provisions	15	142,887	836,899
Loans from related body corporate	16	-	24,280,952
TOTAL CURRENT LIABILITIES		**1,251,073**	**25,335,008**
TOTAL LIABILITIES		**1,251,073**	**25,335,008**
NET ASSETS		**32,522,675**	**(2,164,674)**
EQUITY			
Issued capital	17(a)	31,565,053	1
Reserves	17(b)	5,363,170	-
Accumulated losses		(4,405,548)	(2,164,675)
TOTAL EQUITY		**32,522,675**	**(2,164,674)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Total
	$US	$US	$US
At 1 January 2016	1	(1,715,967)	(1,715,966)
Loss for the period attributable to members of the Company	-	(448,708)	(448,708)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(448,708)	(448,708)
Shares issued during the period	-	-	-
Balance as at 31 December 2016	**1**	**(2,164,675)**	**(2,164,674)**

	Issued Capital	Other Reserves	Accumulated Losses	Total
	$US	$US	$US	$US
At 1 January 2017	1	-	(2,164,675)	(2,164,674)
Loss for the period attributable to members of the Company	-	-	(2,240,873)	(2,240,873)
Other comprehensive income	-	(139,454)	-	(139,454)
Total comprehensive loss	-	(139,454)	(2,240,873)	(2,380,327)
Shares issued during the period	32,766,956	-	-	32,766,956
Costs associated with the issue of shares	(1,201,904)	-	-	(1,201,904)
Intercompany loan forgiveness		5,233,212	-	5,233,212
Shares based payment		269,412	-	269,412
Balance as at 31 December 2017	**31,565,053**	**5,363,170**	**(4,405,548)**	**32,522,675**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $US	2016 $US
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		214	-
Payments to suppliers and employees		(2,308,094)	(189,317)
Net cash used in operating activities	20	**(2,307,880)**	**(189,317)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(166,797)	(411)
Payments for exploration expenditure		(2,575,790)	(322,916)
Net cash used in investing activities		**(2,742,587)**	**(323,327)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		12,935,742	-
Payment for share issue expenses		(1,201,904)	-
Loan proceeds from related body corporate		790,000	561,733
Net cash provided by financing activities		**12,523,838**	**561,733**
Net increase in cash held		**7,473,371**	**49,089**
Effect of exchange rates		(145,979)	-
Cash and cash equivalents at beginning of the year		106,274	57,185
Cash and cash equivalents at end of the year	6	**7,433,666**	**106,274**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: CORPORATE INFORMATION

The financial report of Nusantara Resources Limited ("Nusantara" or "the Company") and its controlled entities ("the Group") for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 28 March 2018.

Nusantara is a listed public company effective from 2 August 2017 limited by shares incorporated in Australia.

The Directors have the power to amend and reissue the financial report.

The nature of the operations and principal activities of the Company and the Group are described in the Directors' Report.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report includes the consolidated financial statements and notes and financial information relating to Nusantara as an individual parent entity ("Parent Entity" or "Company") for the year ended 31 December 2017.

The presentation currency for the Group is US dollars.

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act* 2001. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. *AASB 1 First-time Adoption of Australian Accounting Standards* was applied in the preparation of the financial report, however its impact was assessed to be immaterial.

The financial report covers the consolidated financial statements of Nusantara Resources Limited and its subsidiaries.

The financial report has been prepared on an accruals basis and is based on historical costs basis modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in US dollars unless otherwise stated.

a. Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 31 December 2017, the Group current assets exceeded current liabilities by $6,443,521 (2016: deficit of $25,160,889). For the year ended 31 December 2017 the Group incurred a loss of $2,240,873 (2016: $448,708) and experienced net cash outflows from operating and investing activities of $5,050,467 (2016: $512,644).

The Group continues to focus on exploration, evaluation and development activities at the Awak Mas Gold Project and is currently without an operating cash inflow. The Group will need to raise additional capital to advance the Awak Mas Gold Project and its ongoing working capital requirements which results in a material uncertainty in relation to going concern. While no assurances can be given about future ability to finance the Group's activities, Nusantara has a proven past ability to raise funds and invest in the Group, the Directors believe the Company, given the quality of the Awak Mas Gold Project, can raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 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 re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A list of controlled entities is contained in Note 10 to the financial statements. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future. Current tax assets and liabilities are off set where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are off set where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

- Plant and equipment 17% - 33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. There are currently no material restoration requirements for the area of interest held.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets. The useful life for each class of intangible assets are:

- Software: 4 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

h. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial assets are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Financial liabilities are recognised initially at fair value, and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is calculated as:

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.) If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i. Impairment of Non-Financial Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

j. Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars. During the period the parent entity`s functional currency changed from United States dollars to Australian dollars following the admission to the Australian Stock Exchange and capital raise in Australian dollars. Its presentational currency remains in United States dollars.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies
The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

k. Employee Benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 23.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (Share Based Payment Reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options (if any) is reflected as additional share dilution in the computation of diluted loss per share (further details are given in Note 18).

m. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

o. Revenue and Other Income

Interest income is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

p. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and service received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount normally paid within 30 days of recognition of the liability.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r. Comparative Figures

When required by Accounting Standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed. The Group has not changed its accounting policy during the year. In addition, the adoption of new accounting standards had no impact on the Group.

s. Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in-use calculations which incorporate various key assumptions. These assumptions are disclosed in each of the notes to the financial report where applicable.

ii. Exploration and Evaluation Expenditure

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 which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

t. New Accounting Standards for Application in Future Periods

PART A - Changes in accounting policy, new and amended standards and interpretations

There was no material impact of any new accounting policies adopted during the period.

PART B – Accounting standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2017.

Reference	Discussion	Application date of standard*	Application date for Group*
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, including hedge accounting. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The only potential impact of AASB 9 relates to whether the Group would need to record any provisions for doubtful debts. However accounts receivable are not material and as such the Group assessed the impact of AASB 9 to be immaterial as well. The new hedging rules align hedge accounting more closely with risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	1 January 2018	1 January 2018

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 15 Revenue from Contracts with Customers	AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Management has assessed there will not be any material impact of AASB 15, as the Group does not currently produce revenue	1 January 2018	1 January 2018
AASB 16 Leases	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. Management have not assessed the impact of the above changes on the Group yet.	1 January 2019	1 January 2019

* Designates the beginning of the applicable annual reporting period unless otherwise stated

NOTE 3: INCOME TAX EXPENSE	2017 $	2016 $
a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before tax	(2,240,873)	(448,708)
Total income tax benefit calculated at 30% (2016: 30%)	(672,262)	(134,612)
Tax effect of:		
– Foreign tax rate adjustment	44,165	21,685
– Non-deductible expenses	80,824	-
	(547,273)	(112,927)
Deferred tax asset not brought to account	547,273	112,927
Income Tax Expense	-	-
Deferred tax asset not taken to account		
Tax losses carried forward (Australia)	324,829	-
Other timing differences (Australia)	1,620	4,500
Tax losses carried forward (Indonesia)	220,824	108,427

The Group has available tax losses carried forward in Indonesia and in Australia. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods. Indonesian tax losses can be carried forward for 5 years under the Awak Mas Contract of Work (as amended) under prevailing Indonesian tax legislation. Deductible temporary differences do not expire under Australian current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet considered probable that future taxable income will be available to utilise them.

NOTE 4: INTERESTS OF KEY MANAGEMENT PERSONNEL	2017 $	2016 $
a) Compensation for Key Management Personnel		
Short term employee benefits	339,867	72,000
Post-Employment	9,328	-
Share Based Transactions	201,665	-
Total compensation	**550,860**	**72,000**

b) Other Key Management Personnel Transactions

There have been no other KMP transactions involving equity instruments. For details of other transactions with KMP refer to Note 22 Related Parties.

NOTE 5: AUDITORS' REMUNERATION	2017 $	2016 $
Ernst & Young Australia - audit services	54,548	15,000
Ernst & Young Australia – non-audit services	33,955	-
	88,503	**15,000**

During the year, Ernst and Young acted as the investigating accountant for the Company IPO and were paid $33,955 for the services provided.

NOTE 6: CASH AND CASH EQUIVALENTS	2017 $	2016 $
Cash at bank	7,433,666	106,274
	7,433,666	**106,274**

NOTE 7: OTHER RECEIVABLES	2017	2016
CURRENT	$	$
Prepayments	10,532	3,578
Security Deposits	126,360	-
Other receivables	124,036	64,267
	260,928	**67,845**

NOTE 8: 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 9: INFORMATION RELATING TO NUSANTARA RESOURCES LTD (THE PARENT ENTITY)	2017 $	2016 $
Current assets	7,585,473	-
Total assets	32,879,868	20,741,033
Current liabilities	357,193	20,771,032
Total liabilities	357,193	20,771,032
Issued capital	31,565,054	1
Reserves	5,529,080	-
Accumulated losses	(4,571,459)	(30,000)
Net equity	**32,522,675**	**(29,999)**
Loss of the parent entity	(4,541,459)	(15,000)
Total comprehensive loss of the parent entity	(4,541,459)	(15,000)

NOTE 10: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Nusantara Resources Limited and the subsidiaries listed in the following table:

Controlled Entities consolidated	Country of Incorporation	Percentage Owned	
		2017 %	2016 %
PT Masmindo Dwi Area	Indonesia	100	100
Salu Siwa Pty Limited	Australia	100	100
Vista Gold (Barbados) Corp	Barbados	100	100

NOTE 11: PROPERTY, PLANT AND EQUIPMENT	**2017 $**	**2016 $**
Plant and equipment		
At cost	372,431	281,600
Accumulated depreciation	(289,121)	(221,188)
Total plant and equipment	**83,310**	**60,412**
Reconciliation of the carrying amounts are set out below:		
Plant and equipment		
Carrying amount at beginning of year	60,412	65,126
Additions	90,831	411
Depreciation	(8,365)	(5,125)
Write off plant and equipment	(59,568)	-
Carrying amount of plant and equipment at end of year	**83,310**	**60,412**

Write down of Property, Plant and Equipment

The Company has undertaken renewal of its plant, property and equipment associated with the Awak Mas Gold Project and the obsolete items have been written off for accounting purposes.

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE	**2017 $**	**2016 $**
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases at the end of year	**25,922,423**	**22,851,800**
Reconciliations		
Carrying amount at the beginning of year	22,851,800	22,526,769
Expenditure incurred during current year	3,070,623	325,031
Carrying amount at the end of year	**25,922,423**	**22,851,800**

NOTE 13: OTHER ASSETS	**2017 $**	**2016 $**
Intangible asset – computer software		
At cost	361,095	285,126
Accumulated amortisation	(287,674)	(201,123)
Total intangible asset	**73,421**	**84,003**
Reconciliation of the carrying amounts are set out below:		
Intangible asset		
Carrying amount at beginning of year	84,003	144,108
Additions	75,969	-
Amortisation	(43,234)	(60,105)
Write off intangible assets	(43,317)	-
Carrying amount of intangible asset at end of year	**73,421**	**84,003**

Write down of Intangible Assets

The Company has undertaken renewal of its Computer Software associated with the Awak Mas Gold Project and the obsolete items have been written off for accounting purposes.

NOTE 14: TRADE AND OTHER PAYABLES	2017 $	2016 $
Trade payables and accrued expenses	1,071,080	38,864
VAT payables	37,106	178,293
Trade and other payables	**1,108,186**	**217,157**

NOTE 15: PROVISIONS	2017 $	2016 $
Provisions	142,887	836,899

NOTE 16: LOANS FROM RELATED BODY CORPORATE	2017 $	2016 $
Loan from ultimate parent entity	-	19,141,833
Loan from Pan Asia Resources Limited	-	5,134,959
Loan from other related body corporate	-	4,160
	-	**24,280,952**

Refer to Note 22 for the terms and conditions of the loans.

Changes in liabilities arising from financing activities	2017 $	2016 $
Loans from related body corporate at beginning of year	24,280,952	23,718,822
Cash flows	790,000	561,733
Foreign exchange movement	(6,525)	397
Conversion of loan for equity	(25,064,427)	-
Loans from related body corporate at end of year	**-**	**24,280,952**

NOTE 17: EQUITY	2017 $	2016 $
a. Issued Capital.		
97,531,763 (2016: 1) fully paid ordinary shares. The shares have no par value.	31,565,053	1
Movements in ordinary share capital	**Shares**	**Shares**
At the beginning of the reporting period	1	1
Shares issued during the year	97,531,762	-
At the end of the reporting period	**97,531,763**	**1**

Movements in ordinary share capital	2017 $	2016 $
Balance at beginning of the reporting period	1	1
Shares issued during the year	32,766,956	-
Costs associated with shares issued during the year	(1,201,904)	-
At the end of the reporting period	**31,565,053**	**1**

NOTE 17: EQUITY (CONTINUED)

b. Reserves.

	Foreign Currency Translation	Debt Forgiveness	Share Based Payment	Total Other Reserves
	$	$	$	$
At 1 January 2017	-	-	-	-
Currency translation differences	(139,454)	-	-	(139,454)
Intercompany loan forgiveness	-	5,233,212	-	5,233,212
Shares based payment	-	-	269,412	269,412
Balance as at 31 December 2017	**(139,454)**	**5,233,212**	**269,412**	**5,363,170**

There were no Reserves in 2016.

Nature and purpose of reserves

Foreign Currency Translation
Exchange differences between the functional currency and presentation currency of the parent are recognised in other comprehensive income as described in note 2(j) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the differences are realised.

Debt Forgiveness
Nusantara entered a convertible loan agreement with its parent company, One Asia, in relation to outstanding funding amounts provided by to the Group. On 26 July 2017 One Asia converted its outstanding loan amounts owed by Nusantara and its subsidiaries, in exchange for the issue of 58,969,875 Nusantara shares to settle loans payable to related body corporates. The fair value of the shares issued is determined with reference to the IPO price of A$0.42. As the fair value of shares provided as consideration of A$24,767,348 (US$19,831,215) is less than the balance of the loans, the difference of US$5,233,212 has been recognised as Other Reserve.

Share-based payments
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 23 for further details of these plans.

c. Loyalty Options

On 14 November 2017 the Company completed a bonus issue to eligible shareholders of one free loyalty option for every three Nusantara shares held at an exercise price of $0.42. 32,510,059 loyalty options were allotted, being quoted on the Australian Securities Exchange (ASX) under trading code NUSO. During the reporting period 1,667 Loyalty Options were exercised.

NOTE 18: LOSS PER SHARE	**2017 $**	**2016 $**
a. Reconciliation of loss		
Loss for the year	(2,240,873)	(448,708)
Loss used in the calculation of basic and dilutive EPS	**(2,240,873)**	**(448,708)**
	Number	**Number**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive Loss per share	42,274,516	1
Weighted average number of dilutive options outstanding	-	-
c. Anti-dilutive options (not used in dilutive loss per share calculation)	37,405,392	-
	2017 Cents	**2016 Cents**
d. Loss per share	**(5.3)**	**(44,870,800)**

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

(a) In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa, PT Masmindo 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.

(b) In order to maintain current rights of tenure to tenements the Group is required to advance the Awak Mas Gold Project through to operation and production. The Awak Mas Gold Project is currently in the Operations and Production Period and the Group is required to pay Dead Rent of $1.50 per hectare and Land Tax of $1.50 per hectare annually. The CoW covers an area of 14,390 hectares, equating to $21,585 per year.

(c) The Group is subject to a 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 $270,000 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 20: NOTES TO THE CASH FLOW STATEMENT	**2017 $**	**2016 $**
a. Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash at bank	7,433,666	106,274
	7,433,666	**106,274**
b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(2,240,873)	(448,708)
Add/(less) non-cash items:		
Depreciation and amortisation	51,599	65,230
Write off of fixed assets	102,885	-
Share based transactions	269,412	-
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:		
(Increase)/Decrease in receivables	(193,084)	183,169
Increase/(Decrease) in payables	138,274	10,700
Increase/(Decrease) in provisions	(436,093)	292
Net cash used in operating activities	**(2,307,880)**	**(189,317)**

c. Non-Cash Financing

Debt Forgiveness

Nusantara entered a convertible loan agreement with its parent company at the time, One Asia, in relation to outstanding funding amounts provided by to the Group. On 26 July 2017 One Asia converted its outstanding loan amounts owed by Nusantara and its subsidiaries, in exchange for the issue of 58,969,875 Nusantara shares to settle loans payable to related body corporates. The fair value of the shares issued is determined with reference to the IPO price of A$0.42. As the fair value of shares provided as consideration of A$24,767,348 ($19,831,215) is less than the balance of the loans, the difference of $5,233,212 has been recognised as Other Reserve.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

On 15 March 2018 the Group announced that it had reached agreement with the GoI on several amendments to the Awak Mas CoW. The signed amendment reaffirms PT Masmindo as the legal holder of the CoW with the sole rights to explore and exploit any mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining business licence (IUPK) in accordance with prevailing laws and regulations, which currently allows for an extension of 10 years and a further extension of 10 years.

Other than the matter above, no matters that have arisen in the interval between the end of the financial year and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 22: 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 names of each person holding the position of Director of Nusantara during the financial year are:

Mr Martin Pyle (appointed 3 February 2017)	Chairman
Mr Michael Spreadborough (appointed 16 February 2017)	Managing Director
Mr Robert Hogarth (appointed 17 February 2017)	Director
Mr Boyke Abidin (appointed 11 April 2017)	Director
Mr Robin Widdup (appointed 28 February 2018)	Director
Mr Adrian Rollke (resigned 10 April 2017)	Director
Mr Craig Smyth (appointed 24 February 2017, resigned 8 May 2017)	Director
Mr Robert Thomson (appointed resigned 23 February 2017)	Director

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.

Details of Key Management Personnel remuneration are set out in Note 4.

Transactions with related parties:

Directors

A services agreement has been entered into for Company Secretarial and CFO duties fulfilled by Craig Smyth. Under the services agreement Lion Manager, an entity affiliated with Mr Robin Widdup, is paid a monthly fee commensurate with rates charged by third-parties for the provision of accounting and company secretarial services. These arrangements are scheduled to cease on 31 March 2018.

Director's fees with respect to Martin Pyle's services were paid to Whitby (2009) Pty Ltd, a company of which Martin Pyle is the sole Director.

Apart from the details disclosed in this note, no Directors entered into a material contract with the Company or the Group since the end of the previous financial year.

Directors' and Executive Officers' holdings of shares and options

The aggregate interests of Directors and the Executive Officer of the reporting entity and their Director-related entities in shares and share options of entities within the Group at year end are set out in the Directors' Report and at Note 4.

NOTE 22: RELATED PARTIES (CONTINUED)

Transactions with Parent Entity and other related bodies corporate

During the year, the Group settled its loan liabilities to its then ultimate parent entity and other related bodies corporate that are now not part of the Group. Prior to the completion of the Company IPO, its ultimate parent entity, One Asia, agreed to convert outstanding loan amounts owed by Nusantara and its subsidiaries, being $25,064,427 in exchange for the issue of 58,969,875 Shares in Nusantara. These shares were distributed in-specie by One Asia to its shareholders at the time of the IPO.

The Australian tax resident companies within the One Asia group of companies, including Nusantara, entered into a tax sharing agreement on 6 June 2017. This agreement sets out how tax payments will be allocated within the One Asia group, and limits the liability of subsidiaries in the tax consolidated group under joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations. In addition, the tax sharing agreement allows for subsidiary members to leave the tax consolidated group clear of a specific group liability (clear exit). The Company undertook a clear exit immediately prior to the IPO.

NOTE 23: SHARE-BASED PAYMENTS

The Company has established the Nusantara Incentive Plan (Incentive Plan) to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The Incentive Plan is further designed to assist in attracting and retaining employees.

The Company must obtain Shareholder approval under the Listing Rules and/or the Corporations Act before the participation under the Incentive Plan of any eligible participant who is a Director of or otherwise a related party of the Company. Subject to the Corporations Act and the Listing Rules, the Board may at such times as it determines, issue invitations (in such form as the Board decides from time to time) to eligible participants, inviting applications for a grant of incentive securities up to the number specified in the invitation (Specified Securities) and specifying an acceptance period.

The number of Specified Securities will be determined by the Board in its absolute discretion, granted free of charge. The Board may impose performance criteria for the vesting of Specified Securities. The Company has applied for and obtained confirmation from ASX of waivers from Listing Rule 1.1 (Condition 12) to permit the Company to have options on issue with an exercise price of less than 20 cents. Although the exercise price of the options to be issued by the Company under section 11.13 is not less than 20 cents, the terms of the options provide that the option-holder may elect to use a cashless exercise facility (whereby the option holder can elect to receive a lesser number of Shares on the exercise of the options).

Set out below are the summaries of options granted under the Incentive Plan:

	2017 Options	2016 Options
Balance at beginning of the reporting period	-	-
Options issued during the reporting period		
– exercisable at $A0.61 per share	4,425,000	-
- exercisable at A$0.42 per share	472,000	-
Options exercised during the reporting period	-	-
Options Forfeited during the reporting period	-	-
At the end of the reporting period	**4,897,000**	**-**

The expense recognised for employee services received during the year is shown in the following table:

Share Based Payment Expense	**2017 $**	**2016 $**
Expense from equity-settled share-based payment transactions	269,412	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 23: SHARE-BASED PAYMENTS (CONTINUED)

Fair value of options granted

The assessed fair value at grant date of options granted during the reporting period is set out in the table below.

Item	Sign On Options	Tranche 1	Tranche 2	Tranche 3
Assessed fair value at grant date (A$)	$0.22	$0.21	$0.21	$0.21
Number of options	472,000	1,475,000	1,475,000	1,475,000
Vesting Conditions	N/A	When the Company is listed and the 45 day VWAP of the Shares is 25% above the Issue Price or greater	Decision to mine at the Awak Mas Gold Project	Commencement of commercial production at the Awak Mas Gold Project
Vesting Date	28/07/2017	28/07/2018	28/07/2019	28/07/2020
Exercise Price (A$)	$0.42	$0.61	$0.61	$0.61
Grant Date	28/07/2017	28/07/2017	28/07/2017	28/07/2017
Expiry Date	28/07/2020	28/07/2021	28/07/2021	28/07/2021

The sign-on and incentive options lapse or are deemed to be forfeited 90 days after the option holder ceases to be an executive of Nusantara, unless the Board determines otherwise.

The fair value at grant date is determined using the Black Scholes Model. The model inputs for options granted during the year ended 31 December 2017 included:

a. Options are granted for no consideration
b. Share price at grant date: A$0.42
c. Expected price volatility of the company's shares: 77.38%
d. Expected dividend yield: 0%
e. Risk-free interest rate: 2.05%

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, trade and other receivables, trade and other payables. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 $	2016 $
Financial Assets			
Cash and cash equivalents	6	7,433,666	106,274
Receivables	7	260,928	67,845
Total Financial Assets		**7,694,594**	**174,119**
Financial Liabilities			
Trade and other payables	14	1,108,186	217,157
Total Financial Liabilities		**1,108,186**	**217,157**

The carrying values of these assets and liabilities approximates the fair values.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a currency other than the functional currency).

The Group manages its exposure to fluctuations on the translation into United States dollars by holding cash in several currencies determined based on the expected cash flow requirements.

Cash and cash equivalents by currency	2017 $	2016 $
Australian dollars	3,718,038	-
United states dollars	3,643,149	21,529
Indonesian rupiah	72,479	84,745
	7,433,666	**106,274**

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The weighted average interest rate of cash and cash equivalents is 0%. Receivables and Trade and other payables are non-interest bearing. At 31 December 2017 the Group's interest rate risk is not considered material.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate.

Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient funds to pay its debts as and when they become due and payable. The Company currently does not have major funding in place. However, the Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if and when required with respect to the development of the Awak Mas Gold Project.

Cash at bank and on hand, as set out in Note 6, is available for use by the Company without restrictions.

Financial liabilities of the Company at 31 December 2017 and 31 December 2016 are expected to be settled within 3 months of year end.

NOTE 25: COMPANY DETAILS

Nusantara Resources Limited is a company domiciled in Australia and its registered office and principal office is located at:

Level 2
175 Flinders Lane
Melbourne
Victoria 3000 Australia

An operating office has been established at 20 Kings Park Road, West Perth.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Nusantara Resources Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; 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

R Hogarth

Director

Mr Robert Hogarth
Dated 28 March 2018

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

Opinion

We have audited the financial report of Nusantara Resources Limited (the "Company") and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 31 December 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of capitalised exploration and evaluation

Why significant to the audit	How our audit addressed the key audit matter
Capitalised exploration and evaluation assets are the Group's largest asset. The carrying value of exploration and evaluation assets is impacted by Nusantara Limited's ability, and intention, to advance their exploration and evaluation activities. The results of exploration work also determines to what extent the mineral reserves and resources may or may not be commercially viable for extraction. Due to the quantum of this asset and the subjectivity involved in determining its carrying value, this is a key audit matter. Refer to *Note 12 – Exploration and Evaluation Expenditure* to the financial statements for the amounts held on the Balance sheet by the Group as at 31 December 2017 and related disclosure.	Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included: ▸ considered the Company's right to explore in the relevant exploration area which included obtaining and assessing relevant documentation such as license agreements; ▸ considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group; ▸ assessed the carrying value of assets based on the results of recent exploration and evaluation activity; and ▸ assessed the commercial viability of results relating to exploration and evaluation activities carried out in the relevant license area.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Nusantara Resources Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Jarrett
Partner
Sydney
28 March 2018

ADDITIONAL INFORMATION AS AT 6 APRIL 2018

Use of Cash and Cash Equivalents

In accordance with ASX Listing Rule 4.10.19 the Company notes that from admission to the ASX on 31 July 2017 to 31 December 2017 it applied cash and cash equivalents at the time of admission consistent with its business objectives.

On-Market Buy Back

There is no current on-market buy back in place.

Unlisted Options

These options are unlisted and are not transferable. Until conversion they confer no voting rights to subscribe for new securities in the Company.

Unlisted options are a separate class of security that may be converted into Company shares once they have vested and in accordance with specified criteria. Detail on the option terms was announced on the ASX on 1 August 2017.

Restricted Securities

Security Type	Number of Securities	Escrow Period Ends
Ordinary shares	8,196	28 April 2018
Ordinary shares	25,446,243	1 August 2019
Unlisted options exercisable at A$0.61 expiring 28 July 2021	2,802,500	1 August 2019
Unlisted options exercisable at A$0.42 expiring 8 July 2020	295,000	1 August 2019

Distribution of Ordinary Fully Paid Shareholders

Range	Number of Shareholders	Number of Shares
1 – 1,000	104	54,815
1,001 – 5,000	186	656,385
5,001 –10,000	78	674,806
10,001 – 100,000	170	6,529,563
100,001 Over	72	89,616,194
Total Shareholders	**610**	**97,531,763**

Number of ordinary shareholders with less than a marketable parcel was 145

Distribution of Listed Option Holders

Range	Number of Option Holders	Number of Options
1 – 1,000	165	59,396
1,001 – 5,000	189	444,327
5,001 –10,000	49	388,136
10,001 – 100,000	109	3,751,297
100,001 Over	36	27,865,236
Total Option Holders	**548**	**32,508,392**

Distribution of Unlisted Option Holders

Range	Option Holders	Number of Options
100,001 Over	8	4,897,000

Twenty Largest Shareholders of Ordinary Shares

Shareholder	Number of Shares	%
Lion Selection Group Limited	31,378,960	32.17
J P Morgan Nominees Australia Limited	9,735,714	9.98
Macquarie Bank Limited	4,991,056	5.12
BNP Paribas Nominees Pty Ltd <Jarvas A/C Non Treaty DRP>	4,780,097	4.90
Silver Pine Capital	3,571,428	3.66
BNP Paribas Noms Pty Ltd <DRP>	2,926,579	3.00
HSBC Custody Nominees (Australia) Limited	1,919,658	1.97
Aurora Minerals Limited	1,851,852	1.90
Rentzos Executive Pty Ltd <Retos Executive S/Fund A/C>	1,829,376	1.88
Mr Gavin Bradley	1,787,508	1.83
Mr Stephen Walters	1,236,464	1.27
DBPC Group Finance Pty Ltd <DBPC Group Finance A/C>	1,190,477	1.22
Swanco Pty Ltd	1,190,476	1.22
Lido Trading Ltd	1,190,434	1.22
Lion Manager Pty Ltd	1,128,547	1.16
Adrian Reinhart David Rollke	1,009,452	1.03
Stormac Nominees Pty Ltd <McMillan Family S/F A/C>	1,000,000	1.03
Optiva Securities Ltd	933,333	0.96
Citicorp Nominees Pty Limited	872,740	0.89
John Joseph Ryan	850,000	0.87
	75,374,151	**77.28**

Substantial Shareholders

Name	Number of Shares	%
Lion Selection Group Limited	31,517,231	32.32
AustralianSuper Pty Limited	9,285,714	9.52
Macquarie Bank Limited	4,991,056	5.12

ADDITIONAL INFORMATION AS AT 6 APRIL 2018

Twenty Largest Holders of Listed Option

Rank	Name	Number of Options	%
1	Lion Selection Group Limited	10,459,653	32.18
2	J P Morgan Nominees Australia Limited	3,245,238	9.98
3	Macquarie Bank Limited	1,663,685	5.12
4	BNP Paribas Nominees Pty Ltd <Jarvas A/C Non Treaty DRP>	1,602,087	4.93
5	Silver Pine Capital Limited	1,190,476	3.66
6	BNP Paribas Noms Pty Ltd <DRP>	887,818	2.73
7	HSBC Custody Nominees (Australia) Limited	766,654	2.36
8	Aurora Minerals Limited	617,284	1.90
9	Mr Gavin Bradley	595,836	1.83
10	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	563,493	1.73
11	Mr Stephen Walters	466,646	1.44
12	DBPC Group Finance Pty Ltd <DBPC Group Finance A/C>	396,826	1.22
13	Swanco Pty Ltd	396,825	1.22
14	Lido Trading Ltd	396,811	1.22
15	Lion Manager Pty Ltd	376,182	1.16
16	Adrian Reinhart David Rollke	336,484	1.04
17	Stormac Nominees Pty Ltd <McMillan Family S/F A/C>	333,333	1.03
18	Optiva Securities Ltd	311,111	0.96
19	Green Capital No 2 Pty Ltd <Green Capital No2 A/C>	280,000	0.86
20	Domain Investment Holdings Pty Ltd <Peter Los Family A/C>	255,500	0.79
		25,141,942	**77.34**

Voting Rights

The voting rights attached to the ordinary shares are governed by the constitution. On a show of hands, every person who is a Member or representative of a Member, shall have one vote and on poll, every Member present in person, or by proxy, or by attorney, or duly authorised representative, shall have one vote for each share held. None of the options have any voting rights.

Share Price

The closing share price on the Australian Securities Exchange on 31 December 2017 was A$0.275.

Share Holder Enquiries

Enquiries relating to share holding, tax file number and notification of change of address should be directed to:

Computershare Investor Services Pty Limited
452 Johnson Street, Abbotsford, Victoria, 3067

Website: www.computershare.com.au
Telephone: 1300 850 505 (within Australia)
+61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500

Board of Directors

Greg Foulis - Chairman - Non-Executive Director

Michael Spreadborough - Managing Director

Martin Pyle - Non-Executive Director

Rob Hogarth - Non-Executive Director

Robin Widdup - Non-Executive Director

Boyke Abidin - Executive Director

Joint Company Secretaries

Jane Rose

Derek Humphry

Registered Office and Principal Place of Business

Level 2

175 Flinders Lane

Melbourne, Victoria , 3000

Operating Office

20 Kings Park Road

West Perth, Western Australia , 6005

Bankers

HSBC Bank Australia

Share Registery

Computershare Investor Services Pty Limited

452 Johnson Street

Abbotsford, Victoria, 3067

Telephone: 1300 850 505 (within Australia)

+61 (0)3 9415 4000

Facsimile: +61 (0)3 9473 2500

Securities Exchange Listing

Shares in Nusantara Resources Limited are quoted on the Australian Security Exchange

ASX Code: NUS

Auditor

Ernst & Young

200 George Street

Sydney, NSW, 2000

Nusantara Resources Limited
ACN 150 791 290
www.nusantararesources.com

Caring ▯ Integrity ▯ Teamwork ▯ Accountability ▯ Excellence