# Nusantara Resources Limited

ABN 69 150 791 290

**Annual Financial Report**
**Year ended 31 December 2020**

# Contents

## 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 2020. The presentation currency for the Group is United States dollars (USD). The closing exchange rate applied to convert Australian dollar (AUD) balances to USD at 31 December 2020 was 0.770 (2019: 0.701) and the average exchange rate applied for the year ended 31 December 2020 was 0.691 (2019: 0.695).

**Directors**

The following persons held the office of Director during the year ended 31 December 2020 and to the date of this report unless otherwise stated:

| | |
|---|---|
| Greg Foulis | Chairman |
| Neil Whitaker (appointed as Managing Director 29 May 2020) | Managing Director |
| Robert Hogarth | Director |
| Richard Ness[1] | Director |
| Robin Widdup [2] | Director |
| Kamen Palatov[1] (appointed as a Director 10 July 2020) | Director |
| Boyke Abidin (ceased as a Director 10 July 2020) | Director |

1 – Mr Kamen Palatov was alternate Director for Mr Richard Ness until his appointment as Director 10 July 2020
2 – Mr Craig Smyth is alternate Director for Mr Robin Widdup

**Directors interests in the shares and options of the Company and related bodies corporate**

As at 23 March 2021, the interests of the Directors in the shares and options of Nusantara Resources Limited were:

| Director Name | Number of Ordinary shares | Number of options |
|---|---|---|
| Greg Foulis | 477,390 | 945,000 |
| Neil Whitaker | 137,561 | 1,700,000 |
| Robert Hogarth | - | 295,000 |
| Richard Ness[1] | - | - |
| Robin Widdup[2] | 1,884,111 | 295,000[3] |
| Kamen Palatov[4] | 450,000 | - |
| Craig Smyth[5]<br>(Alternate director to Mr Widdup) | 763,725 | - |

[1] Mr Ness is a Commissioner of PT Indika Energy Tbk which at 31 December 2020 held 16,871,100 ordinary shares and 25% non-controlling interest of subsidiary PT Masmindo Dwi Area.

[2] Mr Widdup is a Director of Lion Manager Pty Ltd which at 31 December 2020 held 150,000 shares and 737,500 options (including 295,000[3] incentive options granted to Mr Widdup and reported above). Mr Widdup is also a director of Lion Selection Group Limited which at 31 December 2020 held 49,904,775 ordinary shares.

[3] 295,000 incentive options were granted to Mr Widdup's nominee Lion Manager Pty Ltd in 2018 and included in the above total.

[4] Mr Palatov is Chief Portfolio Management Officer at PT Indika Energy Tbk which at 31 December 2020 held 16,871,100 ordinary shares and 25% non-controlling interest of subsidiary PT Masmindo Dwi Area.

[5] Mr Smyth is a Director of Lion Manager Pty Ltd which at 31 December 2020 held 150,000 shares and 737,500 options. Mr Smyth is Chief Executive Officer of Lion Selection Group Limited which at 31 December 2020 held 49,904,775 ordinary shares.

**Company Secretary**

Mr Derek Humphry held the office of company secretary during the year until his resignation 30 September 2020. Ms Claire Newstead-Sinclair, of Leydin Freyer, held the office of company secretary from 23 September 2020.

**Principal Activities and Significant Changes in the Nature of Activities**

The principal activities of the Group during the financial year continued to be gold exploration, evaluation and development focusing on the Awak Mas Gold Project in South Sulawesi, Indonesia.

**Operating Results**

The consolidated loss of the Group was USD 2,877,374 after providing for income tax (2019: loss of USD 2,398,821).

During the year the Group continued its ongoing exploration, evaluation and development work on the 75% owned Awak Mas Gold Project (the Project) under a Contract of Work ("CoW").

Major milestones achieved during the year included:

- Partner PT Indika Energy Tbk. (Indika) earned 25% interest in the Project vehicle following it's first stage investment of USD 15M equity;
- Delivery of the 2020 Addendum to the 2018 Definitive Feasibility Study for the Project in Q2 2020, with substantial increases to Resources (Mineral Resource estimate increased by 18% to 2.35M ounces gold), Reserves (Ore Reserve estimate increased by 34% to 1.53M ounces) and much improved Project financial metrics;
- Completion of the Independent Technical Experts (ITE) report on the Project to support project financing
- Front End Engineering and Design (FEED) at 90% completion at year end, including close space drilling and geotechnical drilling;
- Jakarta based Chief Executive Officer, Mr Neil Whitaker, appointed Managing Director;
- Appointment of experienced mining investment banker Matthew Doube as Chief Financial Officer, bringing high level capability to deliver financing for the Project;
- 50% of third-party royalty extinguished; and
- Early CAPEX contract awarded: USD 11.45M Engineering (FEED).

**Financial Position**

The net assets of the Group have increased by USD 22,903,409 from USD 43,467,935 at 31 December 2019 to USD 66,371,345 as at 31 December 2020.

**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 2020.

**Significant Events After Reporting Date**

The impact of the COVID-19 pandemic announced by the World Health Organisation in 2020 is ongoing and while it has not been directly financially negative for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The Company has developed a policy and procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The situation is dependant on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than these matters, 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

| | |
|---|---|
| **Greg Foulis** | **Chairman (appointed 29 March 2018)** |
| Qualifications and experience | Greg is a Resource Sector - Finance Executive with +35 years of diverse international experience and is currently Chairman of Nusantara Resources, Chairman of Kin-Gin Exploration and Advisor to Toronto based Paradigm Capital. He has a track record in finance and mining across a variety of roles ranging from Board, CEO, Business Development and Investment Advisory. Senior roles with multi-nationals include Kingsgate, AngloGold and Deutsche bank.<br><br>Greg received an M.Comm (Finance) from the University of NSW in 1992 and a B.AppSc. (Hons) in Geology from the NSW Institute of Technology in 1984. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mining and Metallurgy. |
| **Neil Whitaker** | **Director (appointed 24 September 2019)** |
| Qualifications and experience | Neil has over 40 years' experience in the mining sector and has held operating and senior executive roles with companies such as Anglo American, WMC Resources, Newcrest Mining, Clough Ltd and their Indonesiaan subsidiary PT Petrosea Tbk. Neil has extensive international board and operating experience with a demonstrated background in leading resource companies through the transitional stages of the full project life cycle. Having previously worked in the Asia-Pacific region as the Chief Operating Officer for PT Petrosea Tbk and with our Indonesian strategic partner Indika Energy, Neil has the relevant local knowledge and experience to lead the Awak Mas Gold Project through the next phases of development. |
| **Rob Hogarth** | **Director (appointed 17 February 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 and risk committees.<br><br>Rob is also the Independent Chair of the Risk and Audit Committee of the Environment Protection Authority of Victoria and a Non-Executive Director of Nustream Investments Limited and PR Exploration Pty Ltd. He was a Non-Executive Director of Dart Mining NL from February 2014 to June 2015.<br><br>Rob holds a Bachelor of Economics (Accounting and Business Law) and is a Fellow, Institute of Chartered Accountants in Australia. |

| | |
|---|---|
| **Richard Ness** | **Director (appointed 13 December 2018)** |
| Qualifications and experience | Richard is a mining executive based in Indonesia, with over 38 years of professional experience in the energy, mineral resources and mining sectors. Richard has held senior executive positions at Newmont Indonesia and Freeport Indonesia; and currently serves as the President Commissioner of PT Petrosea Tbk and Commissioner of PT Indika Energy Tbk. Richard is also the former Vice President and Chief Executive Officer at PT Merdeka Copper Gold Tbk, which recently commissioned, and now runs, the successful Tujuh Bukit gold project in Java, Indonesia. |
| **Robin Widdup** | **Director (appointed 28 February 2018)** |
| Qualifications and experience | Robin is the Founder and a Director of the Company's second largest shareholder, Lion Selection Group Limited. Robin has 40 years of mining industry and equity market experience. He is currently Managing Director of Lion Manager, Director of Lion Selection Group Limited (appointed January 2011), and Chairman of Celamin Holdings Limited. |
| **Kamen Palatov** | **Director (appointed 10 July 2020)** |
| Qualifications and experience | Kamen is a Financing Specialist and currently a Director at PT Indika Energy Tbk., based in Indonesia. Mr Palatov studied at Franklin and Marshall College, Pennsylvania before earning his MBA double degree from HEC School of Management, Paris / The Chinese University of Hong Kong. Kamen has been with PT Indika Energy Tbk. since 2011 and holds a number of roles with Indika related companies. His previous experience has seen him hold positions with McKinsey & Co., Bear Stearns and the Northern Trust Company. |

**Meetings of the Board**

The Board of Directors held 10 meetings during the year ended 31 December 2020. Attendances of Directors at these meetings are shown in the table below:

| | Meetings Attended | Number eligible to attend |
|---|---|---|
| Mr Greg Foulis | 9 | 9 |
| Mr Rob Hogarth | 9 | 9 |
| Mr Robin Widdup | 9 | 9 |
| Mr Richard Ness | 9 | 9 |
| Mr Neil Whitaker | 9 | 9 |
| Mr Boyke Abidin | 5 | 5 |
| Mr Kamen Palatov | 8 | 9 |

In addition fourteen (14) circular resolutions were resolved during the year. All circular resolutions were ratified at subsequent Board meetings.

**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.

**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 and Performance Rights**

At 31 December 2020, the unissued ordinary shares of Nusantara under option are as follows:

| Grant Date | Expiry Date | Exercise Price (AUD) | Listed Options | Unlisted Options & Performance rights |
|---|---|---|---|---|
| 18/11/2020 | 31/12/2023 | *Performance rights | - | 2,000,000 |
| 02/09/2020 | 01/12/2022 | $0.61 | - | 10,000,000 |
| 02/09/2020 | 01/07/2022 | $0.45 | - | 3,000,000 |
| 02/09/2020 | 01/07/2024 | $0.45 | - | 7,000,000 |
| 06/11/2019 | 11/07/2022 | $0.35 | - | 500,000 |
| 06/11/2019 | 26/08/2022 | $0.35 | - | 566,610 |
| 06/11/2019 | 26/08/2022 | $0.42 | - | 1,133,390 |
| 04/06/2018 | 27/07/2021 | $0.61 | - | 740,000 |
| 28/07/2017 | 02/08/2021 | $0.61 | - | 2,360,000 |

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 7,980,914 listed options and 7,042,767 unlisted options were forfeited and 10,053,393 listed options and 16,693,711 unlisted options were exercised.

**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.

No fees were paid to BDO for non-audit services provided during the year ended 31 December 2020. Ernst and Young received USD 2,073 for Employee Share Scheme review (31 December 2019: USD 10,274 was paid for non-audit services)

**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 2020 is set out on page 14 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 2020. 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 2020:

| Key Management Person | Position | Term as KMP |
|---|---|---|
| **Non Executive Directors** | | |
| Greg Foulis | Non-Executive Chair | Appointed 29 March 2018 |
| Rob Hogarth | Non-Executive Director | Appointed 17 February 2017 |
| Robin Widdup | Non-Executive Director | Appointed 28 February 2018 |
| Richard Ness | Non-Executive Director | Appointed 13 December 2018 |
| Kamen Palatov | Non-Executive Director | Appointed 10 July 2020 |
| **Executive Directors** | | |
| Greg Foulis | Executive Chairman | Role ceased 29 May 2020 |
| Neil Whitaker | Chief Executive Officer | Appointed 26 August 2019 |
| | Managing Director | Appointed 29 May 2020 |
| **Other Key Management Personnel** | | |
| Boyke Abidin | President Director of PT Masmindo Dwi Area | Ceased as a Director of Nusantara Resources Ltd 10 July 2020 |
| Colin McMillan | General Manager Geology | Appointed 1 February 2017 |
| Derek Humphry | Chief Financial Officer | Ceased 30 September 2020 |
| | Company Secretary | Ceased 30 September 2020 |
| Matthew Doube | Chief Financial Officer | Appointed 2 November 2020 |
| Claire Newstead-Sinclair | Company Secretary | Appointed 23 September 2020 |
| Craig Smyth | Finance Committee | Appointed 16 July 2020 |
| | Interim Chief Financial Officer | Appointed 1 October 2020 |

**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 reviews and reassesses the policy at least annually.

**General Director Remuneration**

Shareholder approval must be obtained in relation to the overall limit set for Non Executive Directors' fees, currently AUD 250,000 per 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 Board having regard to performance, relevant comparative information and expert advice.

The Board'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 2020**

| 2020 Key Management Person | Short Term Benefits Salaries/Fees USD | Non-monetary Benefits USD | Post-Employment Superannuation USD | Share Based Payment – Options/ Performance Rights USD | Total USD | Performance Related % |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Greg Foulis[1] | 30,501 | - | 2,898 | 1,482 | 34,880 | 4.2% |
| Rob Hogarth | 31,551 | - | 2,997 | 2,708 | 37,257 | 7.3% |
| Robin Widdup | 34,550 | - | - | 982 | 35,532 | 2.8% |
| Richard Ness | 34,550 | - | - | - | 34,550 | - |
| Kamen Palatov [3] | 19,482 | - | - | - | 19,482 | - |
| **Executive Directors** | | | | | | |
| Neil Whitaker[2] | 237,777 | 21,359 | 13,758 | 93,987 | 366,881 | 25.6% |
| Boyke Abidin | 94,440 | 2,890 | - | 4,062 | 101,392 | 4.1% |
| Greg Foulis[1] | 42,950 | - | - | - | 42,950 | - |
| **Other Key Management Personnel** | | | | | | |
| Colin McMillan | 172,758 | - | 1,209 | 5,416 | 179,384 | 3% |
| Derek Humphry | 155,073 | - | 12,956 | 3,208 | 171,237 | 1.9% |
| Matthew Doube | 39,157 | - | - | 10,832[4] | 49,989 | 21.7% |
| Claire Newstead-Sinclair | 12,438 | - | - | - | 12,438 | - |
| Craig Smyth | 23,350 | - | - | 4,062 | 27,412 | 14.8% |
| | **928,577** | **24,249** | **33,819** | **126,741** | **1,113,383** | |

[1] Mr Foulis ceased as temporary Executive Chairman 29 May 2020. Remuneration for this Executive role is shown separately from Director fees.

[2] Mr Whitaker was appointed Managing Director on 29 May 2020

[3] Mr Palatov was appointed Director 10 July 2020

[4] Mr Doube's share based payment related to performance rights

**Details of Remuneration for Year Ended 31 December 2019**

| 2019<br>Key Management Person | Short Term Benefits Salaries/Fees<br>USD | Post-Employment Superannuation<br>USD | Share Based Payment – Options<br>USD | Total<br>USD | Performance Related<br>% |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Rob Hogarth | 31,734 | 3,015 | 8,868 | 43,617 | 20.3 |
| Robin Widdup | 34,750 | - | 3,352 | 38,102 | 8.8 |
| Richard Ness | 34,568 | - | - | 34,568 | - |
| **Executive Directors** | | | | | |
| Greg Foulis[1] | 138,868 | 1,507 | 67,179 | 207,554 | 32.4 |
| Boyke Abidin | 99,977 | - | 13,302 | 113,279 | 11.7 |
| Neil Whitaker[2] | 83,564 | - | 17,134 | 100,698 | 17.0 |
| Mike Spreadborough[3] | 191,962 | 8,324 | - | 200,286 | - |
| **Other Key Management Personnel** | | | | | |
| Colin McMillan | 159,317 | 14,433 | 17,736 | 191,486 | 9.3 |
| Derek Humphry | 173,250 | 17,375 | 10,947 | 201,572 | 5.4 |
| Craig Smyth [4] | 13,302 | | | 13,302 | |
| | **961,292** | **44,654** | **138,518** | **1,144,464** | |

[1] Mr Foulis became temporary Executive Chairman 1 May 2019 following the resignation of the previous Managing Director

[2] Mr Whitaker commenced as Chief Executive Officer on 26 August 2019 and as a Director on 24 September 2019

[3] Mr Spreadborough resigned as a Director 1 May 2019

[4] Mr Smyth was not considered a Key Management Person for FY2019. However, upon reassessment, he is now considered a Key Management Person for FY2020, therefore comparative remuneration information for FY2019 has now been included.

**Details of Shares Held by Key Management Personnel**

| 2020<br>Key Management Person | Opening Balance 1/1/2020 | Resignation | Shares Acquired 2020 | Shares Disposed 2020 | Closing Balance 31/12/2020 |
|---|---|---|---|---|---|
| Neil Whitaker | 53,786 | | 83,775 | - | 137,561 |
| Boyke Abidin [1] | 165,235 | | - | - | 165,235 |
| Rob Hogarth | - | | - | - | - |
| Greg Foulis | 284,993 | | 192,397 | - | 477,390 |
| Robin Widdup | 1,366,068 | | 518,043 | - | 1,884,111 |
| Richard Ness | - | | - | - | - |
| Kamen Palatov [2] | 100,000 | | 350,000 | - | 450,000 |
| Colin McMillan | - | | - | - | - |
| Derek Humphry [3] | - | - | - | - | - |
| Matthew Doube [4] | - | | - | - | - |
| Claire Newstead-Sinclair [5] | - | | - | - | - |
| Craig Smyth [6] | 574,894 | | 188,831 | - | 763,725 |
| | **2,544,976** | **-** | **1,333,046** | **-** | **3,878,022** |

[1] Mr Abidin ceased as a Director 10 July 2020, and remains President Director of PT Masmindo Dwi Area

[2] Mr Palatov was Alternate Director for Mr Richard Ness until his appointment as Director on 10 July 2020

[3] Mr Humphry resigned as Company Secretary / Chief Financial Officer 30 September 2020

[4] Mr Doube was appointed Chief Financial Officer 2 November 2020

[5] Ms Newstead-Sinclair was appointed Company Secretary 23 September 2020

[6] Mr Smyth is Alternate Director for Mr Robin Widdup

**Details of Options Held by Key Management Personnel**

| 2020 Name & Grant dates | Opening Balance 1/1/2020 | Resignation | Unlisted Incentive Options /Performance Rights granted as compensation | Unlisted Options transferred/ (expired) | Unlisted Options exercised | Closing Balance as at 31/12/20 | Vested and exercisable at 31/12/20 |
|---|---|---|---|---|---|---|---|
| Neil Whitaker | | | | | | | |
| 6 Nov 2019 | 1,700,000 | | - | - | - | 1,700,000 | - |
| Boyke Abidin | | | | | | | |
| 28 Jul 2017 | 442,500 | | - | - | - | 442,500 | - |
| Rob Hogarth | | | | | | | |
| 28 Jul 2017 | 295,000 | | - | - | - | 295,000 | - |
| Greg Foulis | | | | | | | |
| 4 Jun 2018 | 445,000 | | - | - | - | 445,000 | - |
| 31 Aug 2018 | 104,162 | | - | - | (104,162) | - | - |
| 6 Nov 2019 | 500,000 | | - | - | - | 500,000 | 500,000 |
| Robin Widdup | | | | | | | |
| 4 Jun 2018 | 295,000 | | - | - | - | 295,000 | - |
| 17 Sep 2018 | 346,460 | | - | - | (346,460) | - | - |
| 1 Jul 2020 | - | | - | 83,348 | (83,348) | - | - |
| Richard Ness | - | | - | - | - | - | - |
| Kamen Palatov | - | | - | - | - | - | - |
| Colin McMillan | | | | | | | |
| 28 Jul 2017 | 767,000 | | - | (177,000) | - | 590,000 | - |
| Derek Humphry | | | | | | | |
| 12 April 2018 | 975,318 | (975,318) | | | | | |
| Matthew Doube | | | | | | | |
| 18 Nov 2020 | - | | 2,000,000 | - | - | 2,000,000 | - |
| Claire Newstead-Sinclair | - | | - | - | - | - | - |
| Craig Smyth | | | | | | | |
| 7 June 2018 | 58,935 | | - | 41,661 | (100,596) | - | - |
| | **5,929,375** | **(975,318)** | **2,000,000** | **(51,991)** | **(634,566)** | **6,267,500** | **500,000** |

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

| Item | November 2019 | November 2019 | November 2020 |
|---|---|---|---|
| Assessed fair value at grant date (AUD) | $0.182 | $0.168 | $0.29 |
| Number of options / performance rights | 566,610 | 1,133,390 | 2,000,000 |
| Vesting Conditions | Achieving project FID | One half on commencing construction at the Awak Mas Gold Project<br>One half on 3 months commercial production at the Awak Mas Gold Project | 40% on receipt of a credit approved term sheet<br>20% on completion of additional funding requirements<br>40% on first draw down of the Senior Debt Facility |
| Exercise Price (AUD) | $0.35 | $0.42 | N/A – performance rights |
| Grant Date | 06/11/2019 | 06/11/2019 | 18/11/2020 |
| Expiry Date | 26/08/2022 | 26/08/2022 | 31/12/2023 |

| Item | July 2017 | June 2018 | November 2019 |
|---|---|---|---|
| Assessed fair value at grant date (AUD) | $0.21 | $0.065 | $0.179 |
| Number of options | 2,360,000 | 740,000 | 500,000 |
| Vesting Conditions | One third on the later of 28/07/2018 and when the Company is listed and the 45 day VWAP of the Shares is AUD 0.525 or greater.<br>One third on the later of 28/07/2019 or a Decision to mine at the Awak Mas Gold Project.<br>One third on the later of 28/07/2020 or Commencement of commercial production at the Awak Mas Gold Project | One third on the later of 28/07/2018 and when the Company is listed and the 45 day VWAP of the Shares is AUD 0.525 or greater.<br>One third on the later of 28/07/2019 or a Decision to mine at the Awak Mas Gold Project.<br>One third on the later of 28/07/2020 or Commencement of commercial production at the Awak Mas Gold Project | Fully Vested |
| Exercise Price (AUD) | $0.61 | $0.61 | $0.35 |
| Grant Date | 28/07/2017 | 04/06/2018 | 06/11/2019 |
| Expiry Date | 02/08/2021 | 27/07/2021 | 27/07/2021 |

The fair value at grant date is determined using the share price and number of options and performance rights issued. The inputs for performance rights granted during the year ended 31 December 2020 included:

| Item | November 2020 |
|---|---|
| a. Consideration | $nil |
| b. Share price at grant date | AUD 0.29 |

**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 AUD | Finance Committee fee AUD | Wages, salaries and/or bonuses |
|---|---|---|---|
| Greg Foulis[1] | 75,000 | 10,000 | AUD 1,500 per day |
| Robert Hogarth | 50,000 | - | - |
| Robin Widdup | 50,000 | - | - |
| Richard Ness | 50,000 | - | - |
| Kamen Palatov [2] | 50,000 | 10,000 | - |
| Neil Whitaker[2] | - | - | USD 250,000 |
| Boyke Abidin[3] | - | - | USD 94,440 |
| Craig Smyth [4] | - | 10,000 | AUD 125 per hour |

[1] Mr Foulis was Executive Chairman from 1 January 2020 to 31 May 2020 when the executive role transitioned to the CEO (paid AUD 1,500 per day worked), and Non- Executive Director from 1 June 2020 to 31 December 2020 (paid the Annual Director's fee above on a prorate basis for this period).

[2] Mr Whitaker was employed by a wholly owned subsidiary of the Company for the whole of the financial year and was appointed Managing Director 29 May 2020.

[3] Mr Abidin was employed by a wholly owned subsidiary of the Company for the whole of the financial year, however resigned as a Director 10 July 2020.

[4] Mr Smyth was appointed to the Finance Committee 16 July 2020 and provided Interim Chief Financial Officer services from 1 October 2020 to 30 November 2020.

Non Executive Directors may be reimbursed for expenses reasonably incurred in attending to the Group's affairs

The Managing Director and executives' termination provisions are as follows:

| Executive | Termination payment | Termination cause | Resignation |
|---|---|---|---|
| Neil Whitaker | 12 months | None | 3 months |
| Boyke Abidin | 12 months | None | None |
| Colin McMillan | 12 months | None | 3 months |
| Derek Humphry (resigned 30 September 2020) | 3 months | None | 3 months |
| Matthew Doube | None | None | 3 months |
| Claire Newstead-Sinclair | None | None | 1 month |

During the reporting period there were no occurrences of the following:

- Loans to Key Management Personnel or related entities
- Other transactions with Key Management Personnel or related entities
- Strikes against the remuneration report at the most recent Annual General Meeting

This concludes the remuneration report, which has been audited.

**DIRECTORS' REPORT - Remuneration Report (Audited) (Continued)**

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

Neil Whitaker
**Chief Executive Officer**

23 March 2021
JAKARTA

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

**DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF NUSANTARA RESOURCES LIMITED**

As lead auditor of Nusantara Resources Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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 period.

**Neil Smith**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 23 March 2021

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 USD | 2019 USD |
|---|---|---|---|
| **Income** | | | |
| Interest Income | | 244,281 | 45,413 |
| Currency gain | | 767,003 | - |
| Other income | | 69,854 | - |
| **Expenses** | | | |
| Employee and Directors benefits expense | | (1,594,673) | (1,087,976) |
| Share based remuneration | 26 | (132,157) | (169,515) |
| Professional fees and consultants | | (1,380,799) | (587,271) |
| Depreciation and amortisation | | (120,411) | (119,817) |
| Other expenses | | (730,472) | (479,655) |
| **Loss before income tax** | | **(2,877,374)** | **(2,398,821)** |
| Income tax expense | 3 | - | - |
| **Loss for the year** | | **(2,877,374)** | **(2,398,821)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation differences | 19(b) | 1,482,006 | (110,556) |
| **Total Comprehensive Loss for the year** | | **(1,395,368)** | **(2,509,377)** |
| **Loss for the year is attributable to:** | | | |
| **Non-controlling interest** | | **(139,268)** | **-** |
| **Owners of parent** | | **(2,738,106)** | **-** |
| | | **(2,877,374)** | **-** |
| **Loss per share** | | | |
| **From continuing operations:** | | | |
| Basic loss per share (cents) | 21 | (1.4) | (1.4) |
| Diluted loss per share (cents) | 21 | (1.4) | (1.4) |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Note | 2020 USD | 2019 USD |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 16,503,255 | 6,557,031 |
| Other receivables | 7 | 164,500 | 391,005 |
| TOTAL CURRENT ASSETS | | **16,667,754** | **6,948,036** |
| | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 527,579 | 80,506 |
| Exploration, evaluation and development expenditure | 12 | 60,521,507 | 36,986,515 |
| Other assets | 13 | 80,828 | 61,484 |
| Right-of-use assets | 14 | - | 40,864 |
| Other receivables | 7 | 1,338,253 | - |
| TOTAL NON-CURRENT ASSETS | | **62,468,167** | **37,169,369** |
| **TOTAL ASSETS** | | **79,135,921** | **44,117,405** |
| | | | |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 1,095,047 | 570,139 |
| Provisions | 16 | 21,674 | 37,266 |
| Lease liabilities | 17 | - | 42,065 |
| Deferred contractor payments | 18 | 11,647,855 | - |
| TOTAL CURRENT LIABILITIES | | **12,764,576** | **649,470** |
| **TOTAL LIABILITIES** | | **12,764,576** | **649,470** |
| | | | |
| **NET ASSETS** | | **66,371,345** | **43,467,935** |
| | | | |
| **EQUITY** | | | |
| Issued capital | 19(a) | 56,526,741 | 47,360,131 |
| Reserves | 19(b) | 11,818,584 | 5,255,416 |
| Accumulated losses | | (11,885,717) | (9,147,612) |
| | | 56,459,608 | 43,467,935 |
| Non-controlling interest | 20 | 9,911,737 | - |
| **TOTAL EQUITY** | | **66,371,345** | **43,467,935** |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | Issued Capital USD | Other Reserves USD | Accumulated Losses USD | Non-controlling interests USD | Total USD |
|---|---|---|---|---|---|---|
| At 1 January 2020 | | 47,360,130 | 5,255,416 | (9,147,611) | - | 43,467,935 |
| Loss for the period attributable to members of the Company | | | | (2,738,106) | | (2,738,106) |
| Loss attributable to non-controlling interest | | - | - | - | (139,268) | (139,268) |
| Other comprehensive income | 19 | - | 1,482,006 | - | - | 1,482,006 |
| Total comprehensive loss | | - | 1,482,006 | (2,738,106) | (139,268) | (1,395,368) |
| Shares issued during the period | 19 | 9,212,979 | - | - | - | 9,212,979 |
| Transactions with non-controlling interest | 20 | - | 4,949,005 | - | 10,051,005 | 15,000,010 |
| Costs associated with the issue of shares | 19 | (46,369) | - | - | - | (46,369) |
| Shares based payment | 26 | - | 132,157 | - | - | 132,157 |
| Balance as at 31 December 2020 | | **56,526,741** | **11,818,584** | **(11,885,717)** | **9,911,737** | **66,371,345** |

| | Note | Issued Capital USD | Other Reserves USD | Accumulated Losses USD | Non-controlling interests USD | Total USD |
|---|---|---|---|---|---|---|
| At 1 January 2019 | | 40,155,584 | 5,196,457 | (6,748,791) | - | 38,603,250 |
| Loss for the period attributable to members of the Company | | - | - | (2,398,821) | - | (2,398,821) |
| Other comprehensive income | 19 | - | (110,556) | - | - | (110,556) |
| Total comprehensive loss | | - | (110,556) | (2,398,821) | - | (2,509,377) |
| Shares issued during the period | 19 | 7,462,323 | - | - | - | 7,462,323 |
| Costs associated with the issue of shares | 19 | (257,776) | - | - | - | (257,776) |
| Shares based payment | 26 | - | 169,515 | - | - | 169,515 |
| Balance as at 31 December 2019 | | **47,360,131** | **5,255,416** | **(9,147,612)** | **-** | **43,467,935** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 USD | 2019 USD |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest income | | 244,281 | 45,413 |
| Payments to suppliers and employees | | (3,765,271) | (2,179,841) |
| Proceeds from government grants | | 68,764 | - |
| Net cash used in operating activities | 23 | **(3,452,226)** | **(2,134,428)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment and intangible assets | | (585,737) | (130,140) |
| Payments for exploration, evaluation and development expenditure | | (11,487,663) | (4,636,709) |
| Net cash used in investing activities | | **(12,703,400)** | **(4,766,849)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 9,212,979 | 7,462,323 |
| Payment for share issue expenses | | (46,369) | (257,776) |
| Proceeds from investment by non-controlling interest | | 15,000,010 | - |
| Net cash provided by financing activities | | **24,166,620** | **7,204,547** |
| | | | |
| Net increase/(decrease) in cash held | | 8,640,994 | 303,270 |
| Effect of exchange rates | 19 | 1,305,231 | (110,556) |
| Cash and cash equivalents at beginning of the year | | 6,557,031 | 6,364,317 |
| Cash and cash equivalents at end of the year | 6 | **16,503,255** | **6,557,031** |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 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 2020 was authorised for issue in accordance with a resolution of the Directors on 23 March 2021.

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 2020.

The presentation currency for the Group is United States dollars (USD). The closing exchange rate applied to convert Australian dollar (AUD) balances to USD at 31 December 2020 was 0.770 (2019: 0.701) and the average exchange rate applied for the year ended 31 December 2020 was 0.691 (2019: 0.695).

### 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.

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.

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 ordinary course of business.

As at 31 December 2020, the Group current assets exceeded current liabilities by USD 3,903,178 (2019: USD 6,298,566). For the year ended 31 December 2020 the Group incurred a loss of USD 2,877,374 (2019: USD 2,398,821) and experienced net cash outflows from operating and investing activities of USD 16,155,626 (2019: USD 6,901,276).

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

At a Nusantara General Meeting on 29 April 2020 shareholders approved binding agreements with major shareholder and strategic partner PT Indika Energy Tbk (Indika Energy), establishing a pathway for Indika Energy to invest directly in the Project vehicle PT Masmindo DWI Area and to advance the Project towards a decision to mine. The agreements contemplated Indika Energy investing up to USD 40M into Nusantara's wholly owned subsidiary PT Masmindo DWI Area (Project Company), in two stages and subject to conditions, to secure up to 40% interest in the Project Company:

- an initial tranche of USD 15M for 25% ownership which was advanced to the Project Company in May 2020;
- a further USD 25M can be invested to acquire an additional 15% ownership subject to conditions including a Final Investment Decision.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The agreements also contemplate Indika Energy's subsidiary, PT Petrosea Tbk (Petrosea) to be awarded the contract for Front End Engineering and Design (FEED) (now >90% complete) on a deferred payment arrangement basis, which is not repayable by the Project Company until the earlier of: early termination of the FEED contract; the Project Company securing third party finance for the Project development; or 23 June 2021.

During the year, 10,053,393 listed options were exercised at A$0.30 to raise A$3M, and Indika Energy exercised 16,693,711 unlisted options at A$0.35 for A$5.8M net of costs. Further share placements during the year raised A$4.1M net of costs.

At 31 December 2020 Nusantara Resources Limited group had cash of USD 16.5M and payables of USD 12.7M, including USD 11.6M relating to the Petrosea deferred payment arrangement.

The Group continues to focus on exploration, evaluation and development activities at the Project and is currently without an operating cash inflow. The Group may need to raise additional capital to advance the Project and its ongoing working capital requirements.

The COVID-19 pandemic announced by the World Health Organisation in 2020 is having an ongoing impact on World stock markets, currencies and business activity. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially a post balance date impact.

While no assurances can be given about future ability to finance the Group's activities, the Directors believe that given the quality of the Project, the Company can raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors consider the basis of going concern to be appropriate in summary for the following reasons:

- Having an established pathway to fund near term Project activites through binding agreements with major shareholder and strategic partner Indika Energy;
- Having a proven past ability to raise funds from external sources and invest in the Group, as demonstrated by the capital raisings of USD 9.1M (net of costs) during the year;
- Having adequate cash on hand at 31 December 2020 to repay committed costs;
- The Board's flexibility to delay or defer expenditure in accordance with business conditions as part of the management of the Group; and
- The Group's ability to renegotiate the repayment terms of the deferred payment arrangement.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

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.

**b. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. 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;

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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.

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.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Plant and equipment***

Plant and equipment are measured on a cost basis. Indicators of impairment of the carrying amount of plant and equipment are 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 and right of use assets 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 is, 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.

**e. Exploration, Evaluation and Development Expenditure**

Exploration and evaluation 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.

**f) i) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group currently has only financial assets at amortised cost.

**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include security deposits and other receivables included under current receivable assets.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**ii) Financial Liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as at amortised cost, or as at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group currently has only financial liabilities at amortised cost.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial liabilities at amortised cost**

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**g. 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.

**h. 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. Parent entity's functional currency is Australia dollars, consistent with last year. Its presentational currency remains in United States dollars.  The functional currency of the subsidiaries is 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. 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
- equity is 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.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting 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.

**j. 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 26.

That cost is separately recognised in the Consolidated Statement of Comprehensive Income, 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 19).

**k. 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.

**l. 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.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m. 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.

**n. 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.

**o. Goods and Services Tax (GST) and Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST or VAT 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 or VAT. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST or VAT component of investing and financing activities, which are disclosed as operating cash flows.

**p. 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 policies other than the adoption of new accounting standards which had no significant impact on the Group.

**q. 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, Evaluation and Development 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.

***iii. Share-Based Payment Transactions***

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 27 for further information.

## NOTE 3: INCOME TAX EXPENSE

| | 2020 USD | 2019 USD |
|---|---|---|
| a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Loss before tax | (2,877,374) | (2,398,821) |
| Total income tax benefit calculated at 30% (2019: 30%) | (863,212) | (719,646) |
| Tax effect of: | | |
| – Non-deductible expenses | 863,212 | 719,646 |
| | - | - |
| Deferred tax asset not brought to account | - | - |
| **Income Tax Expense** | - | - |

The Group has available tax losses carried forward in Indonesia. 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. 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

| | 2020 USD | 2019 USD |
|---|---|---|
| **a) Compensation for Key Management Personnel** | | |
| Short term employee benefits | 928,577 | 947,990 |
| Non-monetary benefits | 24,249 | - |
| Post-Employment benefits | 33,819 | 44,654 |
| Share Based Transactions – refer Note 26 | 126,741 | 138,518 |
| Total compensation | **1,113,386** | **1,131,162** |

**b) Other Key Management Personnel Transactions**

There have been no other Key Management Personnel transactions involving equity instruments. For details of other transactions with Key Management Personnel refer to Note 25 Related Parties.

## NOTE 5: AUDITORS' REMUNERATION

| | 2020 USD | 2019 USD |
|---|---|---|
| Audit services – BDO Audit (WA) Pty Ltd | 36,991 | 30,650 |
| Audit services – Network firms | 13,800 | 13,800 |
| Non-audit services – Ernst & Young Australia | 2,073 | 10,274 |
| | **52,864** | **54,724** |

During the year ended 31 December 2020 Ernst and Young received fees of USD 2,073 for Employee Share Scheme review (2019: 10,274) .

## NOTE 6: CASH AND CASH EQUIVALENTS

| | 2020 USD | 2019 USD |
|---|---|---|
| Cash at bank | 16,503,255 | 6,557,031 |
| | **16,503,255** | **6,557,031** |

| **NOTE 7: OTHER RECEIVABLES** | **2020** | **2019** |
|---|---|---|
| CURRENT | **USD** | **USD** |
| Prepayments | 117,718 | 171,326 |
| Security Deposits[1] | 36,964 | 205,327 |
| Other receivables | 9,818 | 14,352 |
| | **164,500** | **391,005** |
| NON-CURRENT | | |
| Security Deposits [2] | 1,338,253 | - |
| | **1,338,253** | **-** |

[1] AUD 30,000 is held as security for a credit card facility and bears interest at 0.01% pa
AUD 18,006 is held as security for the office lease and bears interest at 0.01% pa

[2] USD 1,338,253 is set aside as security for the reclamation bond and bears interest at 0.658% pa

**NOTE 8: SEGMENT INFORMATION**

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

Regarding the exploration, evaluation and development operating segment, the Chief Operating Decision Maker (determined to be the Board of Directors) receives information on the exploration, evaluation and development expenditure incurred. This information is disclosed in note 12 of the financial report. No segment revenues are disclosed as the Project 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: PARENT ENTITY DISCLOSURES**

The following information has been extracted from the records of the parent entity:

| | **2020**<br>**USD** | **2019**<br>**USD** |
|---|---|---|
| Current assets | 8,541,758 | 6,515,140 |
| Total assets | 56,935,104 | 37,217,508 |
| Current liabilities | 112,375 | 264,713 |
| Total liabilities | 112,375 | 264,713 |
| Issued capital | 56,526,741 | 47,360,131 |
| Reserves | 7,035,486 | 5,421,322 |
| Accumulated losses | (5,377,724) | (3,690,318) |
| Net equity | **52,886,934** | **43,467,935** |
| Loss of the parent entity | (1,378,945) | (1,687,406) |
| Total comprehensive loss of the parent entity | (1,378,945) | (1,687,406) |

The parent entity has not entered into any contractual commitments for the acquisition of property plant and equipment as at 31 December 2020.

**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 | |
|---|---|---|---|
| | | 2020<br>% | 2019<br>% |
| PT Masmindo Dwi Area | Indonesia | 75 | 100 |
| Salu Siwa Pty Limited | Australia | 100 | 100 |
| Vista Gold (Barbados) Corp (dissolution initiated 3 November 2020) | Barbados | 100 | 100 |
| Nusantara Holdings Pty Ltd (deregistered 10 September 2020) | Australia | - | 100 |

| NOTE 11: PROPERTY, PLANT AND EQUIPMENT | 2020<br>USD | 2019<br>USD |
|---|---|---|
| **Plant and equipment** | | |
| At cost | 935,122 | 440,315 |
| Accumulated depreciation | (407,543) | (359,809) |
| Total plant and equipment | **527,579** | **80,506** |
| Reconciliation of the carrying amounts are set out below: | | |
| **Plant and equipment** | | |
| Carrying amount at beginning of year | 60,887 | 78,984 |
| Additions | 514,426 | 39,066 |
| Depreciation | (47,733) | (37,544) |
| Write off plant and equipment | - | - |
| Carrying amount of plant and equipment at end of year | **527,579** | **80,506** |

| NOTE 12: EXPLORATION, EVALUATION AND DEVEOPMENT EXPENDITURE | 2020<br>USD | 2019<br>USD |
|---|---|---|
| Costs carried forward in respect of areas of interest in: | | |
| – exploration, evaluation and development phases at the end of year | **60,521,507** | **36,986,515** |
| **Reconciliations** | | |
| Carrying amount at the beginning of year | 36,986,515 | 32,936,707 |
| Expenditure incurred during current year | 23,534,992 | 4,049,808 |
| Carrying amount at the end of year | **60,521,507** | **36,986,515** |

| NOTE 13: OTHER ASSETS<br>**Intangible asset – computer software** | 2020<br>USD | 2019<br>USD |
|---|---|---|
| At cost | 457,735 | 406,578 |
| Accumulated amortisation | (376,907) | (345,094) |
| Total intangible asset | **80,828** | **61,484** |

Reconciliation of the carrying amounts are set out below:

| **Intangible asset** | | |
|---|---|---|
| Carrying amount at beginning of year | 61,484 | 52,682 |
| Additions | 51,157 | 38,333 |
| Amortisation | (31,813) | (29,531) |
| Carrying amount of intangible asset at end of year | **80,828** | **61,484** |

| NOTE 14: RIGHT OF USE ASSETS<br>**Office lease** | 2020<br>USD | 2019<br>USD |
|---|---|---|
| At cost | 94,061 | 94,061 |
| Accumulated amortisation | (94,061) | (53,197) |
| Total Right of use asset | **-** | **40,864** |

Reconciliation of the carrying amounts are set out below:

| **Office lease** | | |
|---|---|---|
| Carrying amount at beginning of year | 40,864 | - |
| Additions | - | 94,061 |
| Depreciation | (40,864) | (53,197) |
| Carrying amount of right of use asset at end of year | **-** | **40,864** |

| NOTE 15: TRADE AND OTHER PAYABLES | 2020<br>USD | 2019<br>USD |
|---|---|---|
| Trade payables and accrued expenses | 1,095,047 | 555,560 |
| VAT payables | - | 14,579 |
| **Trade and other payables** | **1,095,047** | **570,139** |

| NOTE 16: PROVISIONS | 2020<br>USD | 2019<br>USD |
|---|---|---|
| Provisions – current | 21,674 | 37,266 |

| NOTE 17: LEASE LIABILITIES | 2020 USD | 2019 USD |
|---|---|---|
| Office lease – current | | |
| Carrying amount at beginning of year | 42,065 | - |
| Lease liabilities arising during year – AASB16 | - | 94,062 |
| Lease payments made | (43,225) | (53,707) |
| Interest | 1,160 | 1,710 |
| Carrying amount at end of year | **-** | **42,065** |

| NOTE 18: DEFERRED CONTRACTOR PAYMENT | 2020 USD | 2019 USD |
|---|---|---|
| Deferred contractor payment – current | 11,647,855 | - |

Pursuant to the ASX announcement on 23 March 2020, PT Masmindo Dwi Area (Masmindo) executed a USD 11.45M contract for Front End Engineering and Design (FEED) with PT Petrosea Tbk (Petrosea) during the period. The arrangement included a Deferred Contractor Payment for up to USD 15M, whereby Masmindo is not required to pay Petrosea for the FEED until the earlier of: early termination of the FEED contract; Masmindo securing third party finance for the Project development; or 23 June 2021. The Company has established a Share Pledge as security for this deferred contractor payment. The pledge is for shares held by Nusantara's wholly owned subsidiary Salu Siwa Pty Ltd in Masmindo. The pledge of shares is enforceable if any of the following happen:

- Subject to any applicable grace periods, the Company (Masmindo) fails to pay an amount when due and payable under the FEED contract;
- The FEED Contract is terminated for the Company's default; or
- An event of insolvency occurs in the Company.

| NOTE 19: ISSUED CAPITAL AND RESERVES | 2020 USD | 2019 USD |
|---|---|---|
| **a. Issued Capital** | | |
| 229,273,007 (2019: 190,159,752) fully paid ordinary shares. The shares have no par value. | 56,526,741 | 47,360,131 |
| **Movements in ordinary share capital** | **Shares** | **Shares** |
| At the beginning of the year | 190,159,752 | 153,804,835 |
| Shares issued during the year | 39,113,255 | 36,354,917 |
| At the end of the year | **229,273,007** | **190,159,752** |
| **Movements in ordinary share capital** | **2020 USD** | **2019 USD** |
| Balance at beginning of the year | 47,360,131 | 40,155,584 |
| Shares issued during the year | 9,212,979 | 7,462,323 |
| Costs associated with shares issued during the year | (46,369) | (257,776) |
| At the end of the year | **56,526,741** | **47,360,131** |

**NOTE 19: ISSUED CAPITAL AND RESERVES (CONTINUED)**

| **Movements in options and performance rights** | **2020 Options /Performance Rights** | **2019 Options /Performance Rights** |
|---|---|---|
| At the beginning of the reporting period | 47,070,784 | 24,351,625 |
| Incentive Options and performance rights issued during the year | 2,000,000 | 2,200,000 |
| Incentive Options forfeited during the year | - | (1,770,000) |
| Listed Loyalty Options expiring during the year | (7,980,914) | - |
| Unlisted Loyalty options issued during the year | 12,957,234 | 22,289,159 |
| Listed Options exercised | (10,053,393) | - |
| Unlisted Loyalty options exercised | (16,693,711) | - |
| At the end of the reporting period | **27,300,000** | **47,070,784** |

**b. Reserves**

| | **Foreign Currency Translation** | **NCI Reserve** | **Debt Conversion** | **Share Based Payment** | **Total Other Reserves** |
|---|---|---|---|---|---|
| | **USD** | **USD** | **USD** | **USD** | **USD** |
| At 1 January 2019 | (674,479) | - | 5,233,212 | 637,724 | 5,196,457 |
| Currency translation differences | (110,556) | - | - | - | (110,556) |
| Shares based payment | - | - | - | 169,515 | 169,515 |
| Balance as at 31 December 2019 | **(785,035)** | **-** | **5,233,212** | **807,239** | **5,255,416** |
| At 1 January 2020 | (785,035) | - | 5,233,212 | 807,239 | 5,255,416 |
| Currency translation differences | 1,482,006 | - | - | - | 1,482,006 |
| Shares based payment | - | | - | 132,157 | 132,157 |
| Excess consideration received in the transaction with non-controlling interests reserve within equity | - | 4,949,005 | - | - | 4,949,005 |
| Balance as at 31 December 2020 | **696,971** | **4,949,0053** | **5,233,212** | **939,396** | **11,818,584** |

**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.

*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 24 for further details of these plans.

*Debt Conversion*
In 2017 a convertible loan agreement between the Company and its previous parent company was converted into shares in the Company to settle loans payable to related body corporates. The fair value of the shares issued was determined with reference to the IPO price of AUD 0.42. As the fair value of shares provided as consideration was less than the balance of the loans, the difference of USD 5,233,212 was recognised as a reserve.

**NOTE 19: ISSUED CAPITAL AND RESERVES (CONTINUED)**

*Non-Controlling Interest Reserve*
On 31 August 2020, the group disposed of a 25% interest in PT Masmindo Dwi Area through the issue of shares to PT Indika Energy Tbk for USD 15,000,010. The group recognised the carrying amount of the non-controlling interest disposed of USD 10,051,007 with the excess consideration received of USD 4,948,993 recognised as a reserve.

**c. Options**

On 12 December 2018 the Company announced securities placements subject to shareholder approval. On 25 January 2019 the Company completed the securities placements which included issuing one unlisted option for every two shares taken up, totalling 22,289,159 unlisted options. 16,693,711 of these options were exercised on 30 November 2020 at AUD 0.35, and the remaining 5,595,448 unlisted options were forfeited.

**NOTE 20: NON-CONTROLLING INTEREST**

Set out below is summarised financial information for the subsidiary PT Masmindo Dwi Area that has non-controlling interests that are material to the group. The amounts disclosed for PT Masmindo Dwi Area are before inter-company eliminations.

| | 2020 | 2019 |
|---|---|---|
| **Summarised statement of financial position** | **USD** | **USD** |
| Current assets | 8,125,996 | - |
| Current liabilities* | (12,652,201) | - |
| **Current net assets** | **(4,526,205)** | - |

*included in current liabilities is the deferred payment, refer to note 18 for details.

| | | |
|---|---|---|
| Non-current assets | 43,219,558 | - |
| Non-current liabilities | - | - |
| **Non-current net assets** | **43,219,558** | |
| | | |
| **Summarised statement of comprehensive income** | | |
| Loss for the period | 1,371,396 | - |
| **Total comprehensive loss** | **1,371,396** | - |
| Loss attributable to NCI | 139,268 | - |
| | | |
| **Summarised cash flows** | | |
| Cash flow from operating activities | (4,685,155) | - |
| Cash flow from investing activities | (7,003,755) | - |
| Cash flow from financing activities | 18,774,420 | - |
| **Net increase/(decrease) in cash and cash equivalents** | **7,085,510** | - |

On 31 August 2020, the group disposed of a 25% interest in PT Masmindo Dwi Area through the issue of shares to PT Indika Energy Tbk for US $15,000,010. The group recognized the non-controlling interest of $10,051,007 and increase of equity attributable to owners of the parent of USD 4,948,993. The effect on the equity attributable to the owners of Nusantara Resources Limited during the year is summarized below:

| | 2020 | 2019 |
|---|---|---|
| | **USD** | **USD** |
| Consideration received | 15,000,010 | - |
| Carrying amount of non-controlling interest disposed | (10,051,007) | - |
| Excess consideration received in the transaction with non-controlling interests reserve within equity | **4,949,003** | **-** |

**NOTE 20: NON-CONTROLLING INTEREST (CONTINUED)**

There were no transactions with non-controlling interests in 2019.

| **NOTE 21: LOSS PER SHARE** | **2020 USD** | **2019 USD** |
|---|---|---|
| a. Reconciliation of loss | | |
| Loss for the year | (2,877,374) | (2,398,821) |
| Loss used in the calculation of basic and dilutive EPS | **(2,877,374)** | **(2,398,821)** |
| b. Weighted average number of ordinary shares outstanding during the year used in calculating basic Loss per share | 204,260,193 | 167,809,381 |
| Weighted average number of ordinary shares outstanding during the year used in calculating diluted Loss per share | 204,260,193 | 185,843,688 |
| Weighted average number of dilutive options outstanding | - | 18,034,307 |
| c. Anti-dilutive options (not used in dilutive loss per share calculation) | 27,300,000 | 38,248,697 |
| | **2020 Cents** | **2019 Cents** |
| d. Loss per share (basic) | **(1.4)** | **(1.4)** |
| Loss per share (diluted) | **(1.4)** | **(1.4)** |

**NOTE 22: 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. In November 2019, by paying consideration of USD 100,000 and 666,667 ordinary shares issued to the holder of the net Smelter Returns Royalty Agreement, the Company secured an option to extinguish this royalty. The option to cancel the first 50% of the Royalty was exercised by giving notice prior to 30 April 2020 and paying USD 2.4M; and the Company may cancel the remaining 50% of the Royalty by giving notice prior to 30 April 2021 and paying USD 2.5M.

(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 under its Contract of Work (CoW) with the Government of Indonesia and the Group is required to pay Dead Rent of USD 57,560 annually (USD 4.00 per hectare on 14,390 hectares of the CoW area) and Land and Building Tax of approximately USD 4,000 annually.

(c) Joint venture partner Indika provided an advance of the Tranche 1 USD 15M investment into Masmindo, the subsidiary that owns the Project. In accordance with the agreements approved by Nusantara shareholders on 29 April 2020, this advance was subsequently converted into a 25% equity interest in Masmindo with the final Indonesian regulatory approval received in August 2020. The Agreements provide for Indika to invest a further USD 25M to secure a further 15% interest in Masmindo. This investment is conditional amongst other matters, on the Company investing a further USD 1.5M into the subsidiary that owns the Project, and the Company extinguishing the third-party royalty. The Term Sheet also provided for USD 30M in further deferred contractor payments through Engineering Procurement Contract (EPC).

## NOTE 22: COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(d) Operating lease commitments – Group as lessee

The Group has entered into operating leases on certain office premises, vehicles and office equipment.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2020 are, as follows:

| | 2020 USD | 2019 USD |
|---|---|---|
| Within one year | 225,747 | 81,776 |
| After one year but not more than five years | 187,019 | 5,571 |
| Total | **412,766** | **87,347** |

| **NOTE 23: NOTES TO THE CASH FLOW STATEMENT** | **2020 USD** | **2019 USD** |
|---|---|---|
| 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 Statement of Financial Position as follows: | | |
| Cash at bank | 16,503,255 | 6,557,031 |
| | **16,503,255** | **6,557,031** |
| b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities | | |
| Loss from ordinary activities after income tax | (2,877,374) | (2,398,821) |
| Add/(less) non-cash items: | | |
| Depreciation and amortisation | 120,411 | 61,032 |
| Share based transactions | 132,157 | 368,312 |
| Foreign exchange | (768,092) | - |
| Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year: | | |
| (Increase)/Decrease in receivables | 92,680 | 89,185 |
| Increase in lease liabilities | (42,065) | - |
| Increase/(Decrease) in payables | (94,350) | (81,570) |
| Increase in provisions | (15,593) | 45,442 |
| Net cash (used) in operating activities | **(3,452,226)** | **(1,860,842)** |

c. Non-Cash Financing

There were nil non-cash financing events during the year.

**NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE**

(a) The impact of the COVID-19 pandemic announced by the World Health Organisation in 2020 is ongoing and while it has not been directly financially negative for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The Company has developed a policy and procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The situation is dependant on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than these matters, 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.

**NOTE 25: 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 Greg Foulis (appointed 29 March 2018)[1] | Chairman – Director |
| Mr Robert Hogarth (appointed 17 February 2017) | Non-Executive Director |
| Mr Boyke Abidin (resigned as a Director 10 July 2020) | Executive Director |
| Mr Robin Widdup (appointed 28 February 2018) | Non-Executive Director |
| Mr Richard Ness (appointed 13 December 2018) | Non-Executive Director |
| Mr Neil Whitaker (appointed 24 September 2019) | Executive Director |
| Mr Kamen Palatov (appointed 10 July 2020) | Non-Executive Director |

[1] Mr Foulis was appointed as a Non-Executive Director and Chairman on 29 March 2018 and acted in this role for the period since appointment to 30 April 2019). On 1 May 2019 when former Managing Director Mr Spreadborough resigned, Mr Foulis was appointed as Executive Chairman and remained in that role until 29 May 2020 for a transitional period following the appointment of Neil Whitaker, Chief Executive Officer, who was appointed Managing Director 29 May 2020.

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**

In 2020 a services agreement was entered into with Lion Manager Pty Ltd for Investor Relations duties fulfilled by Mr Hedley Widdup. Under the services agreement Lion Manager Pty Ltd, an entity affiliated with Mr Robin Widdup was paid a monthly fee commensurate with rates charged by third parties for the provision of investor relations services. These arrangements are ongoing.

In 2020 a services agreement was entered into with Lion Manager Pty Ltd for interim Chief Financial Officer duties fulfilled by Mr Craig Smyth. Under the services agreement Lion Manager Pty Ltd, an entity affiliated with Mr Robin Widdup was paid a monthly fee commensurate with rates charged by third parties for the provision of interim Chief Financial Officer services.

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 and performance rights**

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

## NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

### Indika and Petrosea

Subsidiary PT Masmindo Dwi Area (Masmindo) executed a USD 11.45M contract for Front End Engineering and Design (FEED) with PT Petrosea Tbk (Petrosea), a subsidiary of major shareholder and strategic partner PT Indika Energy Tbk (Indika Energy), on a deferred contractor payment basis (refer to Note 18). At 31 December 2020 Indika Energy held 16,871,100 ordinary shares and 10,000,000 unlisted options in Nusantara Resources Ltd (Nusantara) and 25% non-controlling interest of Masmindo, and Petrosea held 10,000,000 unlisted options in Nusantara.

## NOTE 26: 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 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:

| | **2020 Options /Performance Rights** | **2019 Options /Performance Rights** |
|---|---|---|
| Balance at beginning of the year | 6,747,318 | 6,317,318 |
| Options issued during the year | | |
| - exercisable at AUD 0.42 per share | - | 1,133,390 |
| - exercisable at AUD 0.35 per share | - | 1,066,610 |
| Options exercised during the year | - | - |
| Options Forfeited during the year | (1,447,318) | (1,770,000) |
| Performance Rights issued during the reporting period | 2,000,000 | - |
| At the end of the year | **7,300,000** | **6,747,318** |

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

| **Share Based Payment Expense** | **2020 USD** | **2019 USD** |
|---|---|---|
| Key Management Personnel | 126,741 | 138,518 |
| Employees | 5,416 | 30,997 |
| Expense from equity-settled share-based payment transactions | **132,157** | 169,515 |

**NOTE 26: SHARE-BASED PAYMENTS (CONTINUED)**

**Fair value of options/performance rights granted**

The assessed fair value at grant date of performance rights granted during the reporting year is set out in the table below.

| Item | November 2020 |
|---|---|
| Assessed fair value at grant date (AUD) | $ |
| Number of performance rights | 2,000,000 |
| Vesting Conditions | 40% on receipt of a credit approved term sheet<br>20% on completion of additional funding requirements<br>40% on first draw down of the Senior Debt Facility |
| Exercise Price (AUD) | N/A – performance rights |
| Grant Date | 18/11/2020 |
| Expiry Date | 31/12/2023 |

The fair value at grant date is determined using the share price on grant date. The inputs for performance rights granted during the year ended 31 December 2020 included:

| Item | November 2019 |
|---|---|
| a. Consideration | $nil |
| b. Share price at grant date (AUD) | $0.29 |

**NOTE 27: 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 9 as detailed in the accounting policies to these financial statements, are as follows:

| | Note | 2020<br>USD | 2019<br>USD |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and cash equivalents | 6 | **16,503,255** | **6,557,031** |
| Receivables | 7 | **1,502,753** | **391,005** |
| **Total Financial Assets** | | **18,006,008** | **6,948,036** |
| **Financial Liabilities** | | | |
| Trade and other payables | 15 | **1,095,047** | **570,139** |
| Deferred payment arrangement | 18 | **11,647,855** | **-** |
| **Total Financial Liabilities** | | **12,742,903** | **570,139** |

The carrying values of these assets and liabilities approximates the fair values due to their short-term nature.

**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.

## NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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* | **2020 USD** | **2019 USD** |
|---|---|---|
| Australian dollars | **7,350,774** | **504,962** |
| Indonesian rupiah | **729,845** | **121,925** |
| United States dollars | **8,422,636** | **5,930,144** |
| | **16,503,255** | **6,557,031** |

### 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 0.9% (31 December 2019: 0.9%). Receivables and Trade and other payables are non-interest bearing. At 31 December 2020 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.

## NOTE 28: COMPANY DETAILS

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

C/- Leydin Freyer
Level 4, 100 Albert Road
South Melbourne
Victoria 3205 Australia

## 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 2020 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001,* and other madatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Neil Whitaker
**Chief Executive Officer**
Dated 23 March 2021

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**INDEPENDENT AUDITOR'S REPORT**

To the members of Nusantara Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Nusantara Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and

(ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Accounting for Capitalised Exploration and Evaluation Expenditure

| ***Key audit matter*** | ***How the matter was addressed in our audit*** |
|---|---|
| At 31 December 2020, the Group held a significant carrying value of exploration and evaluation expenditure as disclosed in Note 12.<br><br>As the carrying value of these exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether any factors of circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.<br><br>Judgement is applied in determining the treatment of exploration and evaluation expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:<br><br>• Whether the conditions for capitalisation are satisfied;<br><br>• Which elements of exploration and evaluation expenditures qualify for recognition;<br><br>Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. | Our procedures included, but were not limited to:<br><br>• Assessing whether the Company's rights to tenure of the Awak Mas Gold Project remained current at balance date;<br><br>• Considering the status of ongoing exploration and evaluation programmes in the respective area of interest by holding discussions with management, reviewing the Group's exploration and evaluation budgets, ASX announcements and director's minutes;<br><br>• Considering whether any other facts or circumstances existed to suggest whether impairment triggers were present;<br><br>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; and<br><br>• Assessing the adequacy of the related disclosures in Note 2(e), Note 2(q) and Note 12 to the Financial Report. |

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 ability of the group to continue as a going concern, disclosing, as applicable, matters related 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Nusantara Resources Limited, for the year ended 31 December 2020, 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.

**BDO Audit (WA) Pty Ltd**

BDO

**Neil Smith**

**Director**

Perth, 23 March 2021