



Corporate Directory

Directors

Greg Foulis	Non-Executive Chairman
Neil Whitaker	Managing Director
Robert Hogarth	Non-Executive Director
Richard Ness	Non-Executive Director
Kamen Palatov	Non-Executive Director
Robin Widdup	Non-Executive Director

Company Secretary

Claire Newstead - Sinclair

Registered Office

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

Telephone: +61 3 9692 7222

Email: info@nusantararesources.com

Website: www.nusantararesources.com

Share registry

Computer Share Investor Services Pty Limited
452 Johnson Street
Abbotsford, Victoria, 3067
Telephone: +61 3 9415 4000
Facsimile: +61 3 9473 2500

Auditor

BDO Audit (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco, WA, 6008

Securities exchange

Australian Securities Exchange
ASX code: NUS

Contents

Page

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF NUSANTARA RESOURCES LIMITED.....	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021.....	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021	8
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2021	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2021	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2021	11
DIRECTORS' DECLARATION.....	17
INDEPENDENT AUDITOR'S REVIEW REPORT	18

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, being Nusantara Resources Limited ('Nusantara' or 'the Company') and its controlled entities ('the Group') for the half-year ended 30 June 2021.

Directors

The following persons held the office of director during the half-year ended 30 June 2021 and to the date of this report unless otherwise stated:

Mr Greg Foulis	Chairman
Mr Neil Whitaker	Managing Director
Mr Robert Hogarth	Non Executive Director
Mr Richard Ness	Non Executive Director
Mr Kamen Palatov	Non Executive Director
Mr Robin Widdup	Non Executive Director

Company Secretary

Claire Newstead-Sinclair held the office of company secretary during the half-year ended 30 June 2021 and to the date of this report.

Principal Activities and Significant Changes in the Nature of Activities

The principal activity of the Group during the half-year continued to be the exploration, evaluation and development of the Awak Mas Gold Project (**Project**) in Sulawesi, Indonesia.

Operating Results

The presentation currency for the Group is United States dollars (USD or \$). References to Australian dollars are shown as A\$.

The consolidated loss of the Group for the half-year ended 30 June 2021 was \$2,834,721 (for the half-year ended 30 June 2020 the loss was \$921,992).

The Company advanced the Project with the Front End Engineering and Design, supported by an up to USD15M deferred payment arrangement with contractor PT Petrosea Tbk (**Petrosea**), a party 70% held by PT Indika Energy Tbk (**Indika**) (Nusantara's largest shareholder). The preliminary detailed cost estimates and implementation schedules have been received from Petrosea and are under review.

An updated Mineral Resource for the Awak Mas Gold Deposit was announced on 16 March 2021. A further Mineral Resource announcement was released on 5 July 2021, followed by a maiden Proved Ore Reserve on 7 July 2021.

On 28 June 2021, Nusantara Resources Limited announced a proposed transaction where Indika would acquire all the shares in Nusantara, which it does not already own, for A\$0.35c per share by way of Scheme of Arrangement. Under the Scheme Implementation Deed, and associated documents, the parties agreed certain funding arrangements, work programs and the deferral of certain liabilities (including the FEED Contract deferred payment liability to Petrosea). The shareholder vote for the Scheme of Arrangement is expected to occur in September 2021.

Review of Operations

The Awak Mas Gold Project (**Project**) is located in an established gold province.



Figure 1: Awak Mas Gold Project Location in South Sulawesi, Indonesia

During the period the Group continued to advance the Project. In particular the following work was progressed during the period:

- On 28 June 2021, Nusantara announced a proposed transaction where Indika would acquire all of the Nusantara shares which it does not already own, for A\$0.35c per share, by way of Scheme of Arrangement (**Transaction**). The Nusantara shareholders Scheme meeting is anticipated to occur in September 2021;
- Front End Engineering and Design contract awarded to Petrosea in March 2020, supported by a deferred payment arrangement up to USD15M with Petrosea, has been advanced, with preliminary cost estimates and implementation schedules received on 22 March 2021 (this included 3,660 pieces of information) from Petrosea and its consultant panel;
- Close-spaced drilling program completed in March 2021; and
- Updated Mineral Resource estimate for the Awak Mas deposit.

Although to date there has been no noticeable changes to the Group's performance due to COVID-19, management have considered the potential impact of COVID-19 in performing the Group's asset impairment assessments. No adjustments were made to the Group's assets.

Subsequent Events

On 2 July 2021, option holders were issued written notice to exercise their options or confirm otherwise either before expiry (July 2021) or by 31 August 2021. To the date of the report, no options have been exercised.

On 5 July 2021, Nusantara released an updated Mineral Resource estimate.

On 6 July 2021, Nusantara transferred USD 3M to its 75% owned subsidiary PT Masmindo Dwi Area (**Masmindo**), being 75% of the USD 4M requested in the Additional Funding Notice.

On 7 July 2021, Nusantara released a maiden Proved Ore Reserve.

On 13 July 2021, Nusantara released a Definitive Feasibility Update.

Other than these matters, no matters have arisen since the end of the half-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 periods.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2021, is set out on the following page.

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



.....
Neil Whitaker
Managing Director
30 July 2021

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

As lead auditor for the review of Nusantara Resources Limited for the half-year ended 30 June 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 30 July 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	Half-Year 30 June 2021 USD	Half-Year 30 June 2020 USD
Income			
Interest income		38,252	72,074
Expenses			
Employee and Directors' benefits expense		(852,909)	(676,955)
Share-based remuneration		(84,131)	(57,766)
Professional fees and consultants		(1,443,271)	(577,470)
Depreciation and amortisation		(76,082)	(64,552)
Currency fluctuations		(26,010)	786,012
Other expenses		(390,570)	(403,335)
Loss before income tax		(2,834,721)	(921,992)
Income tax expense		-	-
Loss for the period		(2,834,721)	(921,992)
Other comprehensive (loss) – foreign currency translation reserve		(399,769)	87,637
Total Comprehensive Loss for the period		(3,234,490)	(834,355)
Loss for the period is attributable to:			
Non-controlling interest		(363,415)	-
Owners of parent		(2,471,306)	-
		(2,834,721)	-
Total Comprehensive Loss for the period is attributable to:			
Non-controlling interest	4	(363,415)	-
Owners of parent		(2,871,075)	-
		(3,234,490)	-
		Cents	Cents
Basic loss per share	6	(1.24)	(0.55)
Diluted loss per share	6	(1.24)	(0.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Note	30 June 2021 USD	31 December 2020 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	7,817,765	16,503,255
Other receivables		277,040	164,500
TOTAL CURRENT ASSETS		8,094,805	16,667,754
NON-CURRENT ASSETS			
Property, plant and equipment		732,673	527,579
Exploration, evaluation and development expenditure	3	68,017,766	60,521,507
Other assets		62,332	80,828
Other receivables		1,338,253	1,338,253
TOTAL NON-CURRENT ASSETS		70,151,023	62,468,167
TOTAL ASSETS		78,245,828	79,135,921
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,322,147	1,095,047
Deferred contractor payments	8 (d)	13,680,374	11,647,855
Provisions		22,322	21,674
TOTAL CURRENT LIABILITIES		15,024,843	12,764,576
TOTAL LIABILITIES		15,024,843	12,764,576
NET ASSETS		63,220,985	66,371,345
EQUITY			
Issued capital	5	56,526,741	56,526,741
Reserves		11,502,944	11,818,584
Accumulated losses		(14,357,023)	(11,885,717)
		53,672,664	56,459,608
Non-controlling interest		9,548,321	9,911,737
TOTAL EQUITY		63,220,985	66,371,345

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	Half-Year 30 June 2021 USD	Half-Year 30 June 2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		38,252	72,074
Payments to suppliers and employees		(2,285,264)	(1,718,143)
Proceeds from government grants		-	32,900
Net cash used in operating activities		(2,247,012)	(1,613,169)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(262,678)	(99,280)
Payments for exploration, evaluation and development expenditure		(5,750,020)	(5,217,265)
Net cash used in investing activities		(6,012,698)	(5,316,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,734,912
Payment for share issue expenses		-	(34,588)
Proceeds from other financing activities		-	15,000,010
Net cash provided by financing activities		-	17,700,334
Net (decrease) in cash held		(8,259,710)	10,770,620
Effect of exchange rates		(425,780)	873,648
Cash and cash equivalents at beginning of the period		16,503,255	6,557,031
Cash and cash equivalents at end of the period	2	7,817,765	18,201,299

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Issued Capital	Other Reserves	Accumulated Losses	Non- controlling interests	Total
	USD	USD	USD	USD	USD
At 1 January 2020	47,360,131	5,255,416	(9,147,612)	-	43,467,935
Loss for the period attributable to members of the Company	-	-	(921,992)	-	(921,992)
Other comprehensive loss	-	87,638	-	-	87,638
Total comprehensive loss	-	87,638	(921,992)	-	(834,354)
Shares issued during the period	2,734,912	-	-	-	2,734,912
Costs associated with the issue of shares	(34,588)	-	-	-	(34,588)
Share based payments	-	57,766	-	-	57,766
Balance as at 30 June 2020	50,060,455	5,400,820	(10,069,604)	-	45,391,671
	Issued Capital	Other Reserves	Accumulated Losses	Non- controlling interests	Total
	USD	USD	USD	USD	USD
At 1 January 2021	56,526,741	11,818,584	(11,885,717)	9,911,737	66,371,345
Loss for the period attributable to members of the Company	-	-	(2,471,306)	-	(2,471,306)
Loss for the period attributable to non-controlling interests	-	-	-	(363,415)	(363,415)
Other comprehensive loss	-	(399,769)	-	-	(399,769)
Total comprehensive loss	-	(399,769)	(2,471,306)	(363,415)	(3,234,490)
Shares issued during the period	-	-	-	-	-
Costs associated with the issue of shares	-	-	-	-	-
Share based payments	-	84,131	-	-	84,131
Balance as at 30 June 2021	56,526,741	11,502,946	(14,357,023)	9,548,321	63,220,985

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2021

NOTE 1. CORPORATE INFORMATION

Nusantara Resources Limited (**Nusantara**) is a company limited by shares incorporated in Australia whose shares commenced public trading on the Australian Securities Exchange on 2 August 2017. The consolidated half-year financial statements of the Group as at and for the half-year ended 30 June 2021 comprises the Company and its subsidiaries, together referred to as the Group.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at C/- Leydin Freyer, Level 4, 100 Albert Road, South Melbourne VIC 3205 or at www.nusantararesources.com.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with requirement of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020.

The presentation currency for the Group is United States dollars (USD or \$).

a. Accounting Policies

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

b. Going concern basis of accounting

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

As at 30 June 2021, the Group reported cash and cash equivalents of USD 7,817,765 and the Group's current liabilities exceeded current assets by USD 6,930,038 (31 December 2020: current assets exceeded current liabilities by USD 3,903,178). For the half-year ended 30 June 2021 the Group incurred a loss of USD 2,834,721 (30 June 2020: USD 921,992) and experienced net cash outflows from operating and investing activities of USD 8,259,710 (30 June 2020: USD 6,929,714 net cash outflow).

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.

On 28 June 2021, Nusantara announced a proposed transaction, where Indika would acquire all the shares in Nusantara, which it does not already own, for A\$0.35c per share by way of Scheme of Arrangement. Under the Scheme Implementation Deed, and associated documents, the parties agreed certain funding arrangements, work programs and the deferral of certain liabilities (including the FEED Contract deferred payment liability to Petrosea). The shareholder vote for the Scheme of Arrangement is due to occur in September 2021. We note that a number of key shareholders have signed voting intention statements in support of the Scheme of Arrangement.

In the event that the Scheme of Arrangement does not complete, in the absence of an immediate capital raising, there are conditions that indicate a material uncertainty over 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.

While no assurances can be given about future ability to finance the Group's activities, Nusantara has a demonstrated history of raising funds and investment in the Group. The Directors believe the Company, given the quality of the Project, can raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

NOTE 1. CORPORATE INFORMATION (Continued)

c. **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2021. 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 (ie. 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; and
- The Group's voting rights and potential voting rights.

The Group consists of Nusantara and its wholly owned subsidiaries Salu Siwa Pty Ltd and Vista Gold (Barbados) Corp, and 75% owned subsidiary PT Masmino DWI Area.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash at bank - Company
Cash at bank - Subsidiary

June 2021 USD	December 2020 USD
7,323,618	8,467,209
494,147	8,036,046
7,817,765	16,503,255

NOTE 3: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Costs carried forward in respect of areas of interest in:

– exploration, evaluation and development phases at the end of period

Reconciliations

Carrying amount at the beginning of period
Expenditure incurred during current period
Carrying amount at the end of period

June 2021 USD	December 2020 USD
68,017,766	60,521,507
60,521,507	36,986,515
7,496,259	23,534,992
68,017,766	60,521,507

The Group capitalises expenditure relating to exploration, evaluation and development where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The directors have reviewed the carrying value of capitalised exploration, evaluation and development costs at 30 June 2021. No indicators of impairment were found.

NOTE 4: NON-CONTROLLING INTEREST

	June 2021 USD	December 2020 USD
Summarised statement of comprehensive income		
Loss for the period	2,834,721	1,371,396
Total comprehensive loss	2,834,721	1,371,396
Loss attributable to NCI	363,415	139,268

NOTE 5: ISSUED CAPITAL

At the end of the reporting period

a. Movements in ordinary share capital

At the beginning of the reporting period

Shares issued during the period

At the end of the reporting period

June 2021 Number	December 2020 Number
	Shares
229,273,007	190,159,752
-	39,113,255
229,273,007	229,273,007

b. Movements in ordinary share capital

Balance at beginning of the reporting period

Shares issued during the period

Costs associated with shares issued during the period

At the end of the reporting period

June 2021 USD	December 2020 USD
56,526,741	47,360,131
-	9,212,979
-	(46,369)
56,526,741	56,526,741

NOTE 6: LOSS PER SHARE

a. Reconciliation of loss

Loss for the year

Loss used in the calculation of basic and dilutive EPS

June 2021 USD	June 2020 USD
(2,834,721)	(921,992)
(2,834,721)	(921,992)

b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive loss per share

Weighted average number of dilutive options outstanding

c. Anti-dilutive options (not used in dilutive loss per share calculation)

Number	Number
229,273,007	168,656,304
25,867,956	47,070,784
25,867,956	47,070,784

d. Loss per share

June 2021 Cents	June 2020 Cents
(1.24)	(0.55)

NOTE 7: SEGMENT INFORMATION

The Group operates predominantly in the minerals exploration sector, with the principal activity of the Group being the exploration, evaluation and development 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 Chairman) receives information on the exploration, evaluation and development expenditure incurred. This information is disclosed in the deferred exploration expenditure note of the financial report. No segment revenues are disclosed as the exploration has not advanced to 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 8: CONTINGENCIES & COMMITMENTS

- (a) In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa Pty Ltd and PT Masmino Dwi Area 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. The option to cancel the remaining 50% of the Royalty by giving notice prior to 30 April 2021 and paying USD 2.5M was extended to 31 October 2021 by paying USD 75,000 (in April 2021) and USD 105,000 (in June 2021) per the terms of the Second Amendment to the Net Smelter Returns Royalty Agreement entered into in April 2021. Nusantara can further extend the timing to acquire the remaining 50% of the royalty to 31 January 2022, by making a further payment of USD 135,000 by 1 October 2021.
- (b) In order to maintain current rights of tenure to tenements the Group is required to advance the Project through to operation and production. The 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) On 28 June 2021, Nusantara announced a proposed transaction where Indika would acquire all the shares in Nusantara, which it does not already own, for AUD 0.35c per share, by way of Scheme of Arrangement. Under the Scheme Implementation Deed, and associated documents, the parties agreed certain funding arrangements, work programs and the deferral of certain liabilities (including the Front End Engineering and Design (**FEED**) Contract deferred payment liability to PT Petrosea Tbk (**Petrosea**)). The shareholder vote for the Scheme of Arrangement is due to occur in September 2021.
- (d) Pursuant to the ASX announcement on 23 March 2020, PT Masmino Dwi Area (**Masmino**) executed a USD 11.45M contract for FEED with Petrosea. The arrangement included a Deferred Contractor Payment for up to USD 15M, whereby Masmino is not required to pay Petrosea for the FEED until the Final Invoice has been provided, or the earlier of: early termination of the FEED contract; Masmino securing third party finance for the Project development; or 23 June 2021. The Final Invoice has not been provided to the date of this report, and as such, repayment is not required. The Company has established a Share Pledge as security for this Deferred Contractor Payment. The pledge is for Masmino shares held by Nusantara's wholly owned subsidiary Salu Siwa Pty Ltd. The pledge of shares is enforceable if any of the following happen: (i) Subject to any applicable grace periods, the Company (Masmino) fails to pay an amount when due and payable under the FEED contract; (ii) the FEED Contract is terminated for the Company's default; or (iii) An event of insolvency occurs in the Company. At 30 June 2021 the balance was USD 13,680,374 and is shown at Deferred Contractor Payments in Current liabilities on the Balance Sheet.

On 27 June 2021, Masmino and Petrosea entered into an agreement, to amend the terms under the FEED Contract dated 23 March 2020. This agreement was linked to the proposed transaction set out in the Scheme Implementation Deed (**SID**) between Nusantara and Indika (announced to ASX on 28 June 2021) (**Transaction**). As part of the agreement, the Final Delivery Date under the FEED Contract is extended until the later of 31 October 2021, or Completion under the FEED Contract.

Under the agreement, Masmino will pay to Petrosea the sum of USD 1M, which is to be applied against, and in reduction of, the amount payable by Masmino to Petrosea under the FEED Contract. Masmino and Petrosea

agree that this payment is made on a good faith basis by Masmindo without any admission, release or waiver of any of Masmindo or Petrosea's rights, entitlements or claims under the FEED Contract of any applicable laws.

Petrosea Undertakings:

As part of the agreement, with effect from 27 June 2021, and for the period up until the completion, or termination, of the Transaction, Petrosea promises that it will not do, nor purport to do, any of the following without the written approval of Masmindo, in respect of the FEED Contract:

- a. Terminate the FEED Contract;
- b. Take any steps directed to terminating the FEED Contract;
- c. Initiate the procedure pursuant to Dispute Resolution clause of the FEED Contract;
- d. Issue or submit to Masmindo:
 - I. Any final Deliverables until 10 Business Days prior to the revised Final Delivery Date;
 - II. A Final Payment Certificate;
 - III. A Final Invoice; or
 - IV. Take any steps to enforce any rights arising under the Pledge of Shares Agreement dated 23 March 2020 between Petrosea and Salu Siwa.

Masmindo Undertakings:

As part of the agreement, with effect from 27 June 2021 and for the period up until the completion or termination of the Transaction contemplated in the SID, Masmindo promises that it will:

- a. not enter into negotiations with any party other than Petrosea in connection with the provision of the EPC Work;
- b. negotiate exclusively with Petrosea with respect to the provision of the EPC Work;
- c. not seek tenders in respect of any or all of the EPC Work from any party other than Petrosea; and
- d. not do, nor purport to do, any of the following without the written approval of Petrosea, in its absolute discretion:
 - I. terminate the FEED Contract;
 - II. take any steps directed to terminating the FEED Contract; or
 - III. initiate the procedure pursuant to Clause 29 of the FEED Contract.

Linked to the proposed Transaction contemplated in the SID, Masmindo and Petrosea entered into an Umbrella Services Agreement on 27 June 2021. This covers an agreed scope of services to ensure continued progression of the Project. As part of this Agreement, Masmindo has agreed to extend the time to conduct additional work to complete the FEED. Petrosea will provide these services on a deferred payment basis of up to USD 4M, with repayment guaranteed by Indika. If the Transaction is terminated, or does not complete, Indika may on payment to Petrosea, seek reimbursement from Masmindo.

- (e) On 25 June 2021, an Additional Funding Agreement was entered into between Masmindo, Salu Siwa Pty Ltd (**Salu Siwa**) a wholly-owned subsidiary of Nusantara, and PT Indika Mineral Investindo (**PT IMI**). Under this agreement, Salu Siwa and PT IMI, in proportion to their shareholding in Masmindo, being 75% and 25% respectively, agree to provide additional funding to Masmindo in the total amount of USD 4M or equivalent in IDR. This was agreed as part of the proposed transaction contemplated in the SID between Nusantara and Indika (announced to ASX on 28 June 2021).

The additional funding will be converted into fully paid-up conversion shares in Masmindo on the conversion date, being the earlier of:

- 6 months from the date of the additional funding notice; or
- Completion of the Transaction.

As part of the SID, NUS and Indika agreed on the budget relating to the expenditure and work program for Masmindo and Nusantara for the period from the date of the SID to 30 September 2021. This Additional Funding is intended to finance the ongoing costs of Masmindo during this period. In the event Masmindo required funding beyond the Agreed Budget, Indika has agreed to fund by way of a convertible loan to Masmindo, any additional expenditure for Masmindo agreed by Nusantara and Indika. Indika's loan is repayable if the SID is terminated in certain events and Indika may convert the loan into Masmindo shares in the event it is not repaid.

On 28 June 2021, Masmindo issued an Additional Funding Notice to Salu Siwa and PT IMI for the Additional Funding of USD 4M. On 6 July 2021, Salu Siwa has provided its share of the Additional Funding, being USD 3M (75% of USD 4M) to Masmindo.

NOTE 9: SUBSEQUENT EVENTS

On 2 July 2021, option holders were issued written notice to exercise their options or confirm otherwise either before expiry (July 2021) or by 31 August 2021. To the date of the report, no options have been exercised.

On 5 July 2021, Nusantara released an updated Mineral Resource estimate.

On 6 July 2021, Nusantara transferred USD 3M to its 75% owned subsidiary PT Masmindo Dwi Area (**Masmindo**), being 75% of the USD 4M requested in the Additional Funding Notice.

On 7 July 2021, Nusantara released a maiden Proved Ore Reserve.

On 13 July 2021, Nusantara released a Definitive Feasibility Update.

Other than these matters, no matters have arisen since the end of the half-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 periods.

NOTE 10: KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 31 December 2020.

The Terms and Conditions of the performance rights granted during the period which affected or will affect compensations is as follows:

Item	April 2021
Assessed fair value at grant date (AUD)	\$0.265
Number of options / performance rights	400,000
Vesting Conditions	40% on receipt of a credit approved term sheet 30% on completion of additional funding requirements 30% on first draw down of the Senior Debt Facility
Exercise Price (AUD)	N/A – performance rights
Grant Date	08/04/2021
Expiry Date	31/12/2023

Other than the above there have been no changes since the last reporting date.

NOTE 11: CRITICAL ACCOUNTING ESTIMATES – COVID-19

Although to date there has been no noticeable changes to the Group's performance due to COVID-19, management have considered the potential impact of COVID-19 in performing the Group's asset impairment assessments and in establishing the expected credit loss on financial assets. As a result, no adjustments were made to the Group's assets.

NUSANTARA RESOURCES LIMITED

ACN 150 791 290

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 16 of the Company and subsidiaries are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group at 30 June 2021 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....
Neil Whitaker
Managing Director

Date: 30 July 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nusantara Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nusantara Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Neil Smith

Director

Perth, 30 July 2021