30 March 2020

Market Announcements Office
ASX Limited
Level 40, Central Park
152-158 St. Georges Terrace
Perth WA 6000

By Electronic Lodgement

Dear Sir/Madam,

RE: Teleconference for 29 April 2020 General Meeting

Nusantara Resources Limited (ASX: NUS) (**Company**) wishes to advise that in the light of increasing COVID-19 infection and restrictions on indoor gatherings, shareholders who wish to participate in the upcoming general meeting of the Company on 29 April 2020 (**General Meeting**) at 11:00am (AWST) remotely may do so via teleconference. The teleconference will not provide for a voting mechanism during the meeting.

You should note that the Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the General Meeting. If you seek to attend the General Meeting in person, the Company or the venue may be required to deny your entry. Accordingly, voting by you at the General Meeting will not be possible if entry is denied to you unless a proxy or corporate representative is appointed by you and is in attendance at the meeting.

In the meantime, we encourage shareholders to register their votes on the resolutions to be put at the General Meeting by completing the proxy form that accompanies the Notice of Meeting with the Company's share registry, Computershare Limited on or before 27 April 2020 11:00am (AWST).

In light of the limitations on indoor gatherings, it is strongly recommended that the chair is appointed as your proxy to ensure the proxy will be in attendance at the General Meeting.

Further details are included in the Company's Notice of General Meeting. Shareholders participating in the General Meeting via teleconference will be able to ask questions but will not be able to cast their votes.

If you would like to join via teleconference, please us the following details:

Dial-in number: 1 800 151 624
Pin number: 092 555 172#
Please contact +61 8 9460 8600 if you require any further information.

Yours sincerely

Derek Humphry
Company Secretary

Nusantara Resources Limited ACN 150 791 290
Ground Floor, 20 Kings Park Road
West Perth, Western Australia 6005
T: +61 8 9460 6000

NUSANTARA
RESOURCES LIMITED

NUSANTARA RESOURCES LIMITED

ACN 150 791 290

NOTICE OF GENERAL MEETING

TIME:	**11.00am (WST)**
DATE:	**Wednesday 29 April 2020**
PLACE:	**Nusantara Resources Limited**
	Ground Floor 20 Kings Park Road, West Perth WA

Independent Expert's Report for Resolutions 1 to 3: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of section 611, item 7 of the Corporations Act for Resolution 1 and for the purposes of Listing Rule 10.1 for each of Resolutions 2 and 3. The Independent Expert's Report comments on the fairness and reasonableness of the matters the subject of each of Resolutions 1 to 3. The Independent Experts Report is set out in Annexure A.

The Independent Expert has determined that the matters the subject of:

(a) **Resolution 1 is not fair but reasonable** to the non-associated Shareholders;

(b) **Resolution 2 is not fair but reasonable** to the non-associated Shareholders; and

(c) **Resolution 3 is fair and reasonable** to the non-associated Shareholders.

Important Notes: This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61) 8 9460 8600.

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Important Information

Time and place of meeting

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on Wednesday 29 April 2020 at:

Nusantara Resources Limited – Head Office

Ground Floor 20 Kings Park Road, West Perth WA

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Monday 27 April 2020.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

A. each member has a right to appoint a proxy;

B. the proxy need not be a member of the Company; and

a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Business of the Meeting

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Explanatory Statement which accompanies this Notice. References to the "Corporations Act" are to the *Corporations Act 2001* (Cth), unless the context requires otherwise.

1. Resolution 1 – Issue of Shares to PT Indika Mineral Investindo and increase in Voting Power of the Indika Group

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of section 611 (item 7) of the Corporations Act, and for all other purposes, approval is given for:

(a) the Company to issue up to 10,500,000 Shares to PT Indika Mineral Investindo;

(b) the Company to issue up to 16,693,711 Shares to PT Indika Mineral Investindo on exercise of the Subscription Options;

(c) the Company to issue up to 10,000,000 Shares to PT Petrosea Tbk. on exercise of the Petrosea Options, the grant of such Options is the subject of Resolution 4; and

(d) the Company to issue up to 10,000,000 Shares to PT Indika Energy Tbk. (or its nominee) on exercise of the Indika Options, the grant of such Options is the subject of Resolution 5,

which may increase the aggregate Voting Power of the Indika Group in the Company from below 20% to more than 20% (details are set out in Schedule 1), on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by PricewaterhouseCoopers Securities Ltd for, amongst other purposes, the purposes of Shareholder approval required under item 7 of section 611 of the Corporations Act for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the matters described above to the non-Associated Shareholders. The Independent Expert has determined that the outcome of Resolution 1, if passed, is not fair but reasonable to the non-Associated Shareholders. The Independent Expert's Report is set out in Annexure A.

Voting Prohibition Statement: No votes may be cast on Resolution 1 in any capacity by or on behalf of PT Indika Mineral Investindo or any of its Associates (as applicable).

2. Resolution 2 – Partial divestment of assets

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.1 and for all other purposes, the Company's subsidiary, PT Masmindo Dwi Area, issues fully paid ordinary shares to PT Indika Mineral Investindo, such that PT Indika Mineral Investindo will acquire up to 40% of the Shares on issue in PT Masmindo Dwi Area on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by PricewaterhouseCoopers Securities Ltd for, amongst other purposes, the purposes of Shareholder approval required under Listing Rule 10.1 for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-Associated Shareholders. The Independent Expert has determined that the outcome of Resolution 2, if passed, is not fair but reasonable to the non-Associated Shareholders. The Independent Expert's Report is set out in Annexure A.

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of PT Indika Mineral Investindo and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Grant of Share Pledge by the Company's subsidiary

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.1 and for all other purposes, the Company's subsidiary, Salu Siwa Pty Ltd (ACN 080 538 709), grants PT Petrosea Tbk. a security over 20% of the shares on issue from time to time in the Company's subsidiary, PT Masmindo Dwi Area, which are held by the Company, on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by PricewaterhouseCoopers Securities Ltd for, amongst other purposes, the purposes of Shareholder approval required under Listing Rule 10.1 for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the matter described above to the non-Associated Shareholders. The Independent Expert has determined that the outcome of Resolution 3, if passed, is fair and reasonable to the non-Associated Shareholders. The Independent Expert's Report is set out in Annexure A.

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of PT Petrosea Tbk. and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Grant of Options to PT Petrosea Tbk. (or its nominee)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 10,000,000 Options to PT Petrosea Tbk. (or its nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of PT Petrosea Tbk. (or its nominee) and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 – Grant of Options to PT Indika Energy Tbk. (or its nominee)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 10,000,000 Options to PT Indika Energy Tbk. (or it's nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of PT Indika Energy Tbk. (or its nominee) and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 – Ratification of prior issue – Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,762,107 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue being approved or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 7 – Ratification of prior issue – Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 16,777,599 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue being approved or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

DATED: 24 MARCH 2020

BY ORDER OF THE BOARD

DEREK HUMPHRY
COMPANY SECRETARY

Explanatory Statement

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

Independent Expert's Report for Resolutions 1 to 3: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of section 611, item 7 of the Corporations Act for Resolution 1 and for the purposes of Listing Rule 10.1 for each of Resolutions 2 and 3. The Independent Expert's Report comments on the fairness and reasonableness of the matters the subject of each of Resolutions 1 to 3. The Independent Experts Report is set out in Annexure A.

The Independent Expert has determined that the matters the subject of:

(a) **Resolution 1** is not fair but reasonable to the non-associated Shareholders;

(b) **Resolution 2** is not fair but reasonable to the non-associated Shareholders; and

(c) **Resolution 3** is fair and reasonable to the non-associated Shareholders.

1. Background to the Resolutions

1.1 Background

PT Indika Energy Tbk. (**Indika Energy**) is an integrated energy and resources company listed on the Indonesian Stock Exchange (**IDX**) (IDX: INDY).

PT Indika Mineral Investindo (**Indika Mineral**) is a wholly owned subsidiary of Indika Energy.

PT Petrosea Tbk. (**Petrosea**) is a contract mining, engineering and construction, and oil and gas services company listed on the IDX (IDX: PTRO).

Indika Energy owns 69.8% of the shares on issue in Petrosea.

Accordingly, in this Explanatory Statement the Indika Group refers to Indika Energy, Indika Mineral and Petrosea.

Resolutions 1 to 5 relate to matters involving the Indika Group.

Resolutions 6 and 7 relate to ratifying the Company's Placement announced to ASX on 13 December 2019.

1.2 First Subscription Agreement

On 12 December 2018, the Company entered into a Subscription Agreement with Indika Energy on the following terms:

(a) a subsidiary of Indika Energy, namely Indika Mineral, would subscribe for 30,607,162 Shares at AUD 0.23 per Share to raise AUD 7,039,647. The Company announced to ASX on 13 December 2018 settlement of this placement;

(b) Indika Mineral would subscribe, subject to Shareholder approval, for 2,780,260 Shares at AUD 0.23 per Share and 16,693,711 Options each

exercisable on or before 30 November 2020 at AUD 0.35 per Option (**Subscription Options**). The Subscription Options were granted for nil consideration. As announced by the Company to ASX on 23 and 25 January 2019, this subscription above was approved by Shareholders and subsequently settled;

(c) for so long as the aggregate shareholding of Indika Mineral and Indika Energy is at least 10%:

(i) Indika Energy is entitled to 1 nominee Director on the board of the Company. That nominee has since been appointed and is Mr Richard Ness; and

(ii) Indika Energy is entitled to 1 nominee commissioner on the board of the Company's Indonesian subsidiary PT Masmindo Dwi Area. That nominee has since been appointed and is Mr Tatan Taufik;

(d) subject to the Company being granted an ASX waiver, the Company granted certain anti-dilution rights to Indika Energy and Indika Mineral. On 5 February 2019, ASX granted the Company a waiver of ASX Listing Rule 6.18 in order for the Company to provide certain anti-dilution rights to Indika Energy, which lapsed on the earlier of:

(i) the date on which Indika Energy ceases to hold at least 10% of the voting power in the Company;

(ii) the date on which Indika Energy's voting power in the Company exceeds 25%;

(iii) the strategic relationship between the Company and Indika Energy ceasing or changing in such a way as it effectively ceases; and

(iv) the date on which the Company disposes of an interest in the Awak Mas Gold Project to a third party; and

(e) the Company will pay Indika Energy a break fee of AUD 703,965 if, prior to completion of the updated feasibility study for the Awak Mas Gold Project, the Company enters into discussions with a third party and subsequently sells an interest in the Awak Mas Gold Project to that party.

The final subscription above resulted in the Indika Group holding approximately 19.9% of the Voting Power in the Company at the time.

Regarding (d)(ii) above, this will not be triggered upon completion of Resolution 1 assuming none of the Options held by the Indika Group are exercised. However, if any Options are exercised and the aggregate Shareholding of the Indika Group increases above 25%, the anti-dilution rights above fall away.

1.3 Relationship Agreement

On 12 December 2018 the Company and Indika Energy entered into a strategic relationship agreement to define the ongoing relationship of the parties which included the following material terms:

(a) a right for Indika Energy to match a third party offer to acquire an interest in the Awak Mas Gold Project (directly or indirectly);

(b) the ability for the Company to sell at least 25% of the Awak Mas Gold Project to Indika Energy for fair market value (to be determined by a third-party valuer) after the completion of an updated feasibility study. The updated feasibility study has not yet been completed and that activity is currently suspended; and

(c) a right for Indika Energy to make an offer to purchase a direct or indirect interest in the Awak Mas Gold Project at fair market value (to be determined by a third-party valuer).

1.4 Increase of holding

As per the Substantial Shareholder Notices released to ASX on 20 and 24 September 2019, the Indika Group increased its Voting Power to 21.02% as a result of on market purchases referred to in those notices.

1.5 First exercise of anti-dilution right by Indika Energy

(a) As announced by the Company to ASX on 5 November 2019, the Company issued 666,667 Shares to a third party as consideration for the granting of an option to cancel a royalty over the Awak Mas Gold Project.

(b) As announced by the Company to ASX on 21 November 2019, Indika Energy exercised its anti-dilution rights in relation to the Share issue mentioned above and was issued 177,389 Shares at AUD 0.29 per Share. This enabled the Indika Group to maintain their aggregate Shareholding in the Company at 21.02%.

1.6 December 2019 Placement and SPP

(a) As announced by the Company to ASX on 13 December 2019:

(i) the Company announced an AUD 11 million capital raising by way of a private placement of 32,039,706 new Shares to sophisticated and professional investors at AUD 0.34 per Share (**Placement**) together with a share purchase plan offer to existing shareholders at the same price per Share to raise up to AUD 2 million (with the option to accept over subscriptions for a further AUD 1 million) (**SPP**); and

(ii) Indika Mineral had subscribed for 10,500,000 Shares under the Placement subject to Shareholder approval. The subscription was under a Subscription Agreement on the following terms:

(A) 10,500,000 Shares will be issued to Indika Mineral at AUD 0.34 per Share subject to Shareholder approval;

(B) settlement is within 5 business days of Shareholder approval being obtained; and

(C) both parties provide warranties and representations customary for an agreement of this nature.

(b) MST Financial Services Pty Ltd was appointed lead broker to the Placement and received fees totalling AUD 279,322 (excluding GST). In addition, if this Resolution 1 is approved and the 10,500,000 shares are issued to Indika

Mineral, MST Financial Services Pty Ltd will receive fees of AUD 53,550 (excluding GST).

(c) As announced by the Company to ASX on 18 December 2019, a total of 21,539,706 Shares were issued under the Placement. These Shares were issued to unrelated parties. This diluted the aggregate Shareholding of the Indika Group to 18.6%.

(d) Indika Energy and Indika Mineral both did not participate in the SPP. This resulted in the aggregate Shareholding of the Indika Group reducing further to 18.5%.

(e) The remaining 10,500,000 Shares to be issued under the Placement are to be issued to Indika Mineral subject to Shareholder approval, which is, amongst other matters, the subject of Resolution 1. This will increase the aggregate Shareholding of the Indika Group to 22.7%.

1.7 Term Sheet and EPC Contract

As announced by the Company to ASX on 9 December 2019, the Company had entered into a non-binding Term Sheet with Indika Energy.

This Term Sheet contemplates the matters the subject of the documents referred to in Sections 1.8 to 1.13 of this Explanatory Statement.

EPC Contract

The Term Sheet also provided that subject to conditions (the material conditions are set out below), the Company's subsidiary Masmindo, shall negotiate with Petrosea during the term of the FEED Contract for engineering and procurement work for the Awak Mas Gold Project (**EPC Contract**) on such terms and conditions as are to be agreed by those parties:

(a) Masmindo will enter into negotiations with any competing engineering and procurement contractor before the completion date for the FEED Contract referred to below;

(b) Masmindo appointing a steering committee to control, supervise and advise on the appointment of the engineering and procurement contractor;

(c) Masmindo appointing an independent engineering consulting firm to undertake a benchmarking exercise to advise Masmindo on the terms of the proposed EPC Contract in circumstances where third party finance will be required;

(d) Petrosea has completed the FEED Contract referred to below (from the perspective of quality, cost and time); and

(e) third party financiers have not raised any valid objections to the appointment of Petrosea as the engineering and procurement contractor.

Under the Term Sheet it is contemplated that the EPC Contract will include deferred payment terms for payments of up to USD 30 million.

The Term Sheet also provides that if any conditions are unable to be satisfied, the Board of Directors of the Company will be at liberty to engage an alternative

appropriately experienced professional engineering and professional contractor for the Awak Mas Gold Project.

If the parties successfully negotiate an EPC Contract in the future the Company will announce this, and the material terms of the contract, to ASX. There can be no guarantee that the contract will be successfully negotiated or signed or that it will be on the terms summarised above.

1.8 Subscription in PT Masmindo by PT Indika Mineral

On 25 February 2020, Indika Mineral, the Company and the Company's Indonesian subsidiary, Masmindo, entered into a subscription agreement (**Masmindo Subscription Agreement**), the material terms of which include:

(a) Indika Mineral will subscribe for shares in Masmindo representing 25% of the shares on issue in Masmindo for USD 15,000,000 (**First Investment**) with settlement to occur within 5 business days of the last of the conditions being satisfied or waived; and

(b) Indika Mineral has the right, but not the obligation, to subscribe for shares in Masmindo representing 15% of the shares on issue in Masmindo for USD 25,000,000 (**Second Investment**) with settlement to occur within 5 business days of the last of the conditions being satisfied or waived.

Refer to Schedule 4 for further details on the material terms of the Masmindo Subscription Agreement.

1.9 Shareholder's Agreement for PT Masmindo

On 25 February 2020 Indika Mineral, the Company, Salu Siwa, Vista Gold (Barbados) Corp (a wholly owned subsidiary of the Company) and Masmindo entered into a shareholders agreement to govern the relationship of the shareholders in Masmindo and the relationship of the shareholders with Masmindo (in the event Resolution 2 is approved and Indika Mineral becomes a Masmindo Shareholder) (**Shareholders Agreement**).

Refer to Schedule 5 for further details on the Shareholders Agreement.

1.10 Front End Engineering and Design Contract

Masmindo and Petrosea have entered into a front end engineering and design contract (**FEED Contract**) for the Awak Mas Gold Project, the material terms of which include the following:

(a) Petrosea will provide Masmindo the front end engineering and design services for the Awak Mas Gold Project;

(b) as at the contract date the estimated contract price for the services is USD 11,449,858 - which may be subject to variation in accordance with the terms of the FEED Contract. This price comprises all amounts payable by Masmindo (inclusive of the Maximum Amount, withholding tax, value added tax, Agreed Margin, interest and provisional sums, if directed). The parties have agreed that Petrosea:

(i) will in practice be entitled to charge for work performed on the basis of agreed unit rates plus a profit margin of a commercial margin (**Agreed Margin**), certain preliminaries (e.g. office overheads) plus the Agreed Margin, typical reimbursements (e.g. site visits) and certain contingency items by mutual agreement; and

(ii) will not be entitled to exceed a contract price of greater than USD 15 million (**Maximum Contract Price**) without the prior written agreement of Masmindo;

(c) the final delivery date for the services is 40 weeks after the FEED Contract is signed;

(d) deferred payments are automatically payable upon the final invoice being issued and the earlier of various types of termination of the contract, third party project finance being obtained for the Awak Mas Project and the date which is 15 months from the date of the FEED Contract;

(e) deferred and late payments will bear interest at 9% per annum;

(f) Petro may suspend the services due to a breach by Masmindo, for health and safety reasons or if Petrosea believes that the contract price has or will exceed the Maximum Contract Price;

(g) if the Share Pledge is not effective (i.e. if Resolution 3 is not passed within 3 months of the FEED Contract being signed) then either party can suspend the services or terminate the FEED Contract;

(h) the parties obligations may be suspended for force majeure events arising. If an event results in a delay that exceeds 60 consecutive days or 120 cumulative days, then either party can terminate the FEED Contract;

(i) either party can terminate if the other is subject to an insolvent event. Masmindo can terminate if the contract price will exceed or has exceeded the Maximum Contract Price or Petrosea is in breach of a material term of the FEED Contract and fails to remedy the default within 25 business days of a notice requesting rectification. Petrosea can terminate if Masmindo commits a material breach of the FEED Contract and fails to remedy the default within 25 business days of a notice requesting rectification or if the parties have not agreed an increased contract price within 5 business days of a notice to Masmindo that the contract price has reached the Maximum Contract Price;

(j) neither party is liable for consequential loss;

(k) each party's total liability is limited to 50% of the contract price (except in relation to Masmindo's obligations to negotiate the EPC, termination due to insolvency force majeure breach or the total contract price being exceeded, or in relation to wilful misconduct fraud breach of law or gross negligence of a party or its personnel or in relation to death personal injury or damage to property caused by a party or its personnel);

(l) Masmindo agrees to negotiate the EPC Contract with Petrosea exclusively in the period from signing the FEED Contract until 30 days after the final delivery date of the FEED Contract services;

(m) if the First Investment does not occur within 3 months of the FEED Contract then either party can terminate the FEED Contract; and

(n) the parties provide warranties and indemnities customary for an agreement of its nature.

1.11 Share pledge agreement

As set out in Section 1.10 of this Explanatory Statement, the Company's Indonesian subsidiary, Masmindo has entered into the FEED Contract with Petrosea and there are deferred payment terms under the FEED Contract.

The Company's subsidiary, Salu Siwa Pty Ltd (ACN 080 538 709) (**Salu Siwa**), has entered into a share pledge agreement (**Share Pledge**) with Petrosea to, subject to approval of the Company's Shareholders, grant to Petrosea of a first ranking share pledge over 20% of the shares on issue in Masmindo held by Salu Siwa (**Secured Property**) to secure all liabilities and obligations of Masmindo under the FEED Contract and the Share Pledge. If Salu Siwa acquires further Masmindo Shares the Secured Property will comprising 20% of the total Masmindo Shares on issue and which are held by Salu Siwa.

The material terms of the Share Pledge include the following:

(a) upon an event of default Petrosea can enforce the Share Pledge and sell the Secured Property and retain the proceeds to the extent of the amounts owing under the Share Pledge or the FEED Contract (note that enforcement powers and rights may be affected by Indonesian and Australian laws);

(b) events of default include:

  (i) Masmindo fails to pay any amount payable under the FEED Contract subject to any grace periods;

  (ii) the FEED Contract is terminated due to a default by Masmindo to comply with its terms; or

  (iii) an insolvency event occurs to Masmindo.

(c) Petrosea is entitled to hold the title documents to the Secured Property;

(d) before an event of default occurs, Salu Siwa generally retains all rights in relation to the Secured Property including voting rights and giving consents, waivers and ratifications and receiving dividends. After an event of default and while the event of default is continuing, Petrosea will be entitled to exercise all such rights as well as to receive all dividends;

(e) Salu Siwa agrees to pay all costs, charges and expenses incurred by Petrosea in relation to the Share Pledge and enforcing its rights under it; and

(f) Salu Siwa gives Petrosea a number of warranties, undertakings (including not selling the Secured Property) and indemnities which are customary for an agreement of this nature.

The Company and Petrosea have entered into a Deferred Payment Undertaking agreement under which the Company guarantees Masmindo's payment obligations under the FEED pending Resolution 3 being passed.

1.12 Options Subscription Agreement – Petrosea

On 25 February 2020, the Company and Petrosea entered into an option subscription agreement (**Petrosea Subscription Agreement**), the material terms of which include:

(a) Petrosea would subscribe for 10,000,000 Petrosea Options for nil consideration;

(b) 3,000,000 Petrosea Options have an exercise price of AUD 0.45 per Option and an expiry date of 1 July 2022. The Petrosea Options are subject to a vesting condition, being that Masmindo makes a decision to mine in relation to the Awak Mas Gold Project. These Petrosea Options are otherwise on the terms and conditions set out in Schedule 2 of this Explanatory Statement (as applicable);

(c) the remaining 7,000,000 Petrosea Options have an exercise price of AUD 0.45 per Option and an expiry date of 1 July 2024. These Petrosea Options are subject to a vesting condition that the EPC Contract (refer to Section 1.7 of this Explanatory Statement for further details) is entered into, commercial gold production occurs at the Awak Mas Gold Project and the EPC Contract is completed and the price paid for services under that contract are within 110% of the contracted price (for the avoidance of doubt the contracted price includes estimates for provisional sums). These Options are otherwise on the terms and conditions set out in Schedule 2 of this Explanatory Statement (as applicable);

(d) the subscription is subject to the same conditions that the First Investment is subject to under the Masmindo Subscription Agreement. See Schedule 4 of this Explanatory Statement for further details on the conditions;

(e) the issue date is the date that the First Investment occurs under the Masmindo Subscription Agreement. See Schedule 4 of this Explanatory Statement for further details; and

(f) if Shareholder approval is required under section 611 item 7 of the Corporations Act for the Options to be converted, then upon the first exercise notice being provided, the Company will seek that Shareholder approval.

1.13 Options Agreement – Indika Energy

On 25 February 2020, the Company and Indika Energy entered into an option subscription agreement (**Indika Subscription Agreement**), the material terms of which include:

(a) Indika Energy (or its nominee) would subscribe for 10,000,000 Indika Options for nil consideration;

(b) the Indika Options have an exercise price of AUD 0.61 per Option and an expiry date of 1 December 2022;

(c) the Indika Options vest and are capable of exercise once the Second Investment under the Masmindo Subscription Agreement occurs. See Section 1.8 of this Explanatory Statement for further details on the Second Investment;

(d) the Indika Options are otherwise on the terms and conditions set out in Schedule 4 of this Explanatory Statement;

(e) the subscription is subject to the same conditions that the First Investment is subject to under the Masmindo Subscription Agreement. See Section 1.8 of this Explanatory Statement for details on the conditions;

(f) the issue date is the date that the First Investment occurs under the Masmindo Subscription Agreement. See Section 1.8 of this Explanatory Statement for further details; and

(g) if Shareholder approval is required under section 611 item 7 of the Corporations Act for the Options to be converted, then upon the first exercise notice being provided, the Company will seek that Shareholder approval.

1.14 Independent Expert's Report

The Company has engaged the Independent Expert to provide the Independent Expert's Report for the following reasons:

(a) the issue of the Shares to Indika Energy pursuant to the Placement, the proposed issue of Shares upon exercise of the Subscription Options, the Petrosea Option and the Indika Options will result in the Indika Group increasing its Voting Power in the Company to up to 34.5% (assuming no other Shares are issued). This will increase the current Voting Power of the Indika Group in the Company of 18.5% by 16%;

(b) the Company requires Shareholder approval under section 611(7) of the Corporations Act for the above change in Voting Power to occur, and it is ASIC policy that an independent expert's report be provided to shareholders that assesses whether the issue of Shares and increase in Voting Power described above is fair and reasonable to the Shareholders un-Associated with the proposed transaction. The Independent Expert's Report has been prepared to fulfil this requirement;

(c) the Independent Expert's Report has also been prepared to fulfil the requirements of Listing Rule 10.1 for the acquisition of shares by Indika Mineral in Masmindo (the subject of Resolution 2) and for the grant of the share pledge over certain Masmindo shares held by Salu Siwa (the subject of Resolution 3) as detailed below;

(d) under Resolution 2, the Company's Subsidiary Masmindo has agreed, subject to Shareholder approval and certain conditions, to issue Indika Mineral up to 40% of the shares in Masmindo, in two tranches for total cash consideration totalling USD 40,000,000. This subsidiary owns 100% of the Awak Mas Gold Project. The first tranche is mandatory subject to satisfaction or waiver of conditions. The second tranche is at Indika Mineral's election and is subject to conditions;

(e) under Resolution 3, the Company's subsidiary Salu Siwa has granted, subject to Shareholder approval, a share pledge over 20% of the shares on issue in the Company's subsidiary Masmindo to secure the deferred payment arrangement under the FEED Contract as summarised to in Section 1.10 of this Explanatory Statement;

(f) ASX Listing Rule 10.1 requires the approval of the Company's shareholders where it is proposed to acquire a "substantial asset" from, or dispose of a "substantial asset" to:

(i) a related party;

(ii) a child entity;

(iii) a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the Company;

(iv) an associate of any of the above; or

(v) or a person whose relationship with the Company or a person referred to above is such that, in ASX's opinion, the transaction or agreement should be approved by Shareholders;

(g) a substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX. The Company's total equity interests as at the 31 December 2019 financial statements was USD 43,467,935, meaning an asset is substantial if its value, or the value of the consideration being paid or received for it, is at least USD 2,173,396;

(h) Shareholder approval under Listing Rule 10.1 is required for Indika Mineral to acquire up to 40% of the shares in Masmindo as these have a total value in excess of USD 2,173,396 and so the shares a substantial asset. Resolution 2 seeks this approval;

(i) ASX Guidance Note 24 at section 3.3 provides that taking an *'asset by enforcing a mortgage, charge or other security interest over the asset is treated as an acquisition of that asset for the purposes of Listing Rule 10.1'*;

(j) accordingly, Shareholder approval is required under Listing Rule 10.1 for the Company's subsidiary Salu Siwa, to grant Petrosea a share pledge over 20% of the shares on issue in the Company's subsidiary Masmindo to secure the deferred payment arrangement under the FEED Contract summarised in Section 1.10 of this Explanatory Statement, as these shares have a total value in excess of USD 2,173,396 and so are a substantial asset. Resolution 3 seeks this approval; and

(k) under ASX Listing Rule 10.1, Shareholders must be provided with an independent expert's report stating whether the proposed acquisition or disposal of the substantial asset is fair and reasonable to the Shareholders whose votes are not to be discounted.

2. Resolution 1 – Issue of Shares to substantial Shareholder and increase of Voting Power of the Indika Group

2.1 General

Resolution 1 seeks Shareholder approval to:

(a) issue 10,500,000 Shares to PT Indika Mineral Investindo (**Indika Mineral**);

(b) issue up to 16,693,711 Shares to Indika Mineral on exercise of the Subscription Options;

(c) issue of up to 10,000,000 Shares to Indika Energy (or its nominee) on exercise of the Indika Options; and

(d) issue up to 10,000,000 Shares to Petrosea (or its nominee) on exercise of the Petrosea Options,

which may increase the aggregate Voting Power of the Indika Group from below 20% to more than 20% (details of which are set out in Schedule 1).

Refer to section 1 of this Explanatory Statement for a background to Resolution 1.

2.2 Section 611 Item 7 of the Corporations Act

(a) General

The current Voting Power of the Indika Group is 18.5%. If Resolution 1 is passed and the relevant Shares are issued to Indika Mineral, then this Voting Power will increase to 22.7%. This may further increase to 34.5% upon conversion by the Indika Group members (as relevant) of the Subscription Options, the Petrosea Options and the Indika Options.

Refer to Schedule 1 for further details on the current and future Voting Power of the Indika Group members in various scenarios.

(b) Takeover prohibition

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) Voting Power in the company increasing:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% and below 90%.

(c) Voting Power

The Voting Power of a person in a company is determined in accordance with section 610 of the Corporations Act. It is aimed at grouping together and counting the percentage of all voting shares in a company that are controlled by a person and its Associates (i.e. their Relevant Interests).

(d) Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a Relevant Interest in securities if that person:

(i) is the holder of the securities;

(ii) has power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) has power to dispose of, or exercise control over the disposal of, the securities.

It is immaterial whether the power or control is direct or indirect, and it does not matter how remote the Relevant Interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that, if a body corporate has a Relevant Interest in securities, a person will also have a Relevant Interest in those securities if:

(i) the person has Voting Power in the body which is above 20%; or

(ii) the person controls the body.

(e) Associates

In determining who is an Associate for the purposes of calculating a person's Voting Power, section 12(2) of the Corporations Act provides that:

(i) the following entities are Associates of a body corporate:

(A) another body corporate which it controls;

(B) another body corporate which controls it; and

(C) another body corporate that is controlled by the same entity which controls it;

(ii) a person will be an Associate of another person if they have, or propose to enter into, a relevant agreement for the purpose of controlling or influencing:

(A) the composition of a body's board; or

(B) the conduct of the body's affairs; and

(iii) a person will be an Associate of another person if they are acting, or propose to act, in concert in relation to the affairs of a body.

(f) Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the Relevant Interest has been approved by shareholders in general meeting, provided that:

(i) no votes are cast in favour of the resolution by the person proposing

to make the acquisition or their Associates; and

(ii) shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

(g) Indika Mineral and Associates

Indika Mineral is a wholly owned subsidiary of Indika Energy. Accordingly, it is controlled by Indika Energy.

69.8% of Petrosea's shares are owned by Indika Energy. Accordingly, Petrosea and Indika Mineral are controlled by the same entity – namely Indika Energy.

Accordingly, Indika Energy and Petrosea are Associates of Indika Mineral for the purposes of the Corporations Act.

The acquisition of Shares by Indika Mineral pursuant to Resolution 1, will result in Indika Mineral and its Associates, Indika Energy and Petrosea, acquiring a Relevant Interest in the Company's Shares which will increase their Voting Power in the Company from 20% or below to more than 20%.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because the Voting Power of Indika Mineral and its Associates, Indika Energy and Petrosea, will increase if Resolution 1 is passed and the relevant Shares are issued (and will further increase upon conversion of existing Options held by the Indika Group (assuming no other Shares are issued).

(h) Prescribed information

For the purposes of obtaining Shareholder approval under section 611(7) of the Corporations Act for Resolution 1, set out below are details of the maximum Relevant Interests and Voting Power that the Indika Group may obtain if Resolutions 1, 4 and 5 are passed, the relevant Shares and Options are issued and all Options held by the Indika Group are converted (assuming no other Shares are issued).

(i) Identity of recipient

The identity of the recipients (including their Associates) of the proposed increased Relevant Interest and Voting Power are set out below:

(A) PT Indika Energy Tbk. (**Indika Energy**) is an energy company listed on the Indonesian Stock Exchange.

(B) PT Indika Mineral Investindo (**Indika Mineral**) is a wholly owned subsidiary of Indika Energy.

(C) PT Petrosea Tbk. (**Petrosea**) is a contract mining, engineering and construction and oil and gas services company listed on the Indonesian Stock Exchange.

(D) Indika Energy owns 69.8% of the shares on issue in Petrosea.

Relevant agreements between the Company and the above entities are set out in Sections 1.2 to 1.13 of this Explanatory Statement.

As per Resolution 2, Indika Mineral is seeking to acquire, by issue of new shares, up to 40% of the Company's subsidiary, PT Masmindo Dwi Area. This subsidiary owns 100% of the Awak Mas Gold Project.

(ii) The Company's capital structure

As at the date of this Notice of Meeting the Company currently has 192,025,903 Shares on issue.

Upon the issue of Shares pursuant to Resolution 1 the Company will have 202,525,903 Shares on issue (assuming no other Shares are issued).

Upon the issue of the Shares pursuant to Resolution 1, the Options the subject of Resolutions 4 and 5, and conversion of all Options held by the Indika Group, the Company will have 239,219,614 Shares on issue (assuming no other Shares are issued).

(iii) Current Voting Power

See Schedule 1 for the current Voting Power of the Indika Group and each member.

Except as set out in Schedule 1, the Indika Group does not have any other Relevant Interests in any existing Shares.

Accordingly, the combined Voting Power of the Indika Group as at the date of this Meeting is 18.5%.

(iv) Future Voting Power and extent of Increase of Voting Power

See Schedule 1 for the future maximum Voting Power of the Indika Group and each member.

Upon the issue of the Shares pursuant to Resolution 1 and conversion of all Options held by the Indika Group, the Indika Group will have a Voting Power in the Company of 34.5% (assuming no other Shares are issued) representing a 16.1% increase in Voting Power, comprising the following direct interests:

(A) Shares representing a 5.0% interest in the Company for PT Indika Energy Tbk. – representing an increased Shareholding by 3.9% (assuming the Indika Options are exercised by Indika Energy and not a nominee);

(B) Shares representing a 25.3% interest in the Company for PT Indika Mineral Investindo – representing an increase of Shareholding by 7.9% (assuming the Indika Options are not granted or transferred to or exercised by Indika Mineral – if this were the occur the above amounts would increase as relevant); and

(C) Shares representing 4.2% interest in the Company for PT Petrosea Tbk. – representing an increase of Voting Power by 4.2% (assuming the Indika Options are not granted or transferred to or exercised by Petrosea – if this were the occur the above amounts would increase as relevant).

(i) Intentions as to the future of the Company

The Company understands that the present intentions of Indika Group regard the future of the Company, if Resolution 1 is passed, are that they, except as set out elsewhere in this Notice of Meeting:

(i) have no current intention of making any changes to the business of the Company;

(ii) do not propose to inject further capital into the Company;

(iii) do not intend to change the employment arrangements of the Company;

(iv) do not propose to transfer any assets between the Company and the Indika Group members or their associates;

(v) have no intention to otherwise redeploy the fixed assets of the Company; and

(vi) do not intend to change the financial or dividend distribution policies of the Company.

Shareholders are also referred to the Independent Expert's Report prepared by PricewaterhouseCoopers Securities Ltd contained in Annexure A of this Notice.

(j) Additional Information

Please refer to the disclosures below pursuant to ASIC Regulatory Guide 74:

(i) the reasons for Resolution 1 is to allow Indika Mineral to participate in the Placement and to exercise all of the Options held by the Indika Group, which would result in the Indika Group increasing its Voting Power in the Company up to 34.5% (assuming all the Options under Resolutions 4 and 5 are granted and all Indika Group Options are exercised and no other Shares are issued);

(ii) it is intended that the Shares will be issued within 5 business days of Shareholder approval as per the terms of the Subscription Agreement summarised in Section 1.6(a)(ii) of this Explanatory Statement. The issue date is expected to be 24 April 2020;

(iii) the material terms of the Share issue are as per the terms of the Subscription Agreement summarised in Section 1.6(a)(ii) of this Explanatory Statement;

(iv) please refer to Sections 1.2 to 1.13 of this Explanatory Statement for details of other relevant agreements between the parties;

(v) no Director has a relevant interest in the increase of Voting Power in the Company for the Indika Group proposed by Resolution 1. It is noted that Company Director Richard Ness is the nominee director of Indika Energy and is a shareholder in Indika Energy holding 810,000 shares which is an approx. 0.02% interest. Accordingly, Mr Ness will benefit from the passing of Resolution 1 as a shareholder in Indika Energy; and

(vi) there are currently no proposed changes to the Board of Directors of the Company as a result of Resolution 1.

2.3 Listing Rule 10.11

Listing Rule 10.11 does not apply (when it otherwise would) to the issue of Shares under Resolution 1 as approval is being for the issue under section 611(7) of the Corporations Act, (refer Listing Rule 10.12(6)).

2.4 Director Recommendations

As at the date of this Explanatory Statement:

(a) Greg Foulis recommends that the non-Associated Shareholders vote in favour of Resolution 1 for the following reasons:

(i) the outcome of Resolution 1 will allow the Indika Group to participate in the Placement which will raise an additional AUD 3,570,000 for the Company under the Placement;

(ii) the outcome of Resolution 1 will allow Indika Mineral to exercise the Options previously granted to Indika Mineral which will further align the interests of the Company with the Indika Group; and

(iii) the outcome of Resolution 1 will allow Petrosea (or its nominee) and Indika Energy (or its nominee) to exercise the Options the subject of Resolutions 4 and 5 (respectively, and assuming those Resolutions are passed) without breaching the Corporations Act takeovers provisions which will further align the interests of the Company with the Indika Group;

(b) Neil Whitaker recommends that the non-Associated Shareholders vote in favour of Resolution 1 for the reasons set out in Section 2.4(a) of this Explanatory Statement;

(c) Boyke Abidin recommends that the non-Associated Shareholders vote in favour of Resolution 1 for the reasons set out in Section 2.4(a) of this Explanatory Statement;

(d) Rob Hogarth recommends that the non-Associated Shareholders vote in favour of Resolution 1 for the reasons set out in Section 2.4(a) of this Explanatory Statement;

(e) Robin Widdup recommends that the non-Associated Shareholders vote in favour of Resolution 1 for the reasons set out in Section 2.4(a) of this Explanatory Statement; and

(f) Richard Ness abstains from giving a recommendation on Resolution 1 given he is the nominee director of Indika Energy on the Board of Directors of the Company.

2.5 Purpose

Accordingly, Resolution 1 seeks Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act.

2.6 Independent Expert's Report

Please refer to the Independent Expert's Report in Annexure A prepared for the purposes of section 611, item 7 of the Corporations Act for Resolution 1 which comments on the fairness and reasonableness of the increase in Voting Power of the Indika Group the subject of Resolution 1.

The Independent Expert has determined the proposed issue of shares to the Indika Group is not fair but reasonable to the non-Associated Shareholders.

3. Resolution 2 – Partial Divestment of Asset

3.1 Background

Indika Mineral and Masmindo have entered into a subscription agreement pursuant to which, subject to the satisfaction or waiver of various conditions, Indika Mineral will subscribe for new Masmindo shares giving it a 25% shareholding in Masmindo in consideration for USD 15,000,000 (**First Investment**) and Indika Mineral has the right but not the obligation to subscribe for Masmindo shares to give it a further 15% shareholding in consideration for USD 25,000,000 (**Second Investment**).

Please refer to Section 1.8 of this Explanatory Statement for further details on the subscription agreement including the conditions to each subscription.

Masmindo owns 100% of the Awak Mas Gold Project.

If Shareholders approve Resolution 2 then, subject to the relevant conditions being met, Indika Mineral will acquire a 25% shareholding in Masmindo in consideration for USD 15,000,000 and, subject to further relevant conditions being met and Indika Mineral electing to proceed, Indika Mineral will acquire a further 15% shareholding in consideration for USD 25,000,000. The consideration for the shares will be paid to Masmindo and Masmindo will use the funds for working capital and developing the Awak Mas Gold Project.

If Shareholders do not approve Resolution 2 then the investment by Indika Mineral in the Company's subsidiary Masmindo will not occur. This will impede and delay the development of the Awak Mas Gold Project and the Company will have to explore other avenues to develop the Awak Mas Gold Project. The Petrosea Options Subscription Agreement and the Indika Subscription Agreement are conditional upon the same conditions as the Masmindo Subscription Agreement. Accordingly, if Resolution 2 is not passed then these other agreements will not proceed either.

3.2 Listing Rule 10.1

ASX Listing Rule 10.1 requires the approval of the Company's shareholders where it is proposed to acquire a "substantial asset" from, or dispose of a "substantial asset" to:

10.1.1 A related party of the entity.

10.1.2 A child entity of the entity.

10.1.3 A person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity.

10.1.4 An associate of a person referred to in Rules 10.1.1 to 10.1.3.

10.1.5 A person whose relationship with the Company or a person referred to above is such that, in ASX's opinion, the transaction should be approved by Shareholders.

A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX. The Company's total equity interests as at the 31 December 2019 financial statements was USD 43,467,935. The First Investment exceeds this threshold.

Indika Group is a substantial holder in the Company currently with a Relevant Interest and Voting Power of 18.5% together with its Associate Indika Energy.

Accordingly, Shareholder approval under Listing Rule 10.1 is required for Indika Mineral to acquire up to 40% of the Company's subsidiary, PT Masmindo Dwi Area as Indika Mineral falls under the category in Listing Rule 10.1.3.

Listing Rule 10.5.9 provides that the notice of meeting must include a voting exclusion statement.

Listing Rule 10.6 provides that the notice of meeting must include a report on the transaction from an independent expert.

Refer to Resolution 2 for a voting exclusion statement and refer to Appendix A for the Independent Expert's Report.

The Independent Expert has determined the proposed divestment is not fair but reasonable to the non-Associated Shareholders.

3.3 Listing Rule 10.5

Pursuant to and in accordance with Listing Rule 10.5, the following information is provided in relation to Resolution 2:

(a) the full name of the person acquiring the substantial asset is PT Indika Mineral Investindo (**Indika Mineral**);

(b) Indika Mineral falls under the category in Listing Rule 10.1.3 (refer to Section 3.2 above for further details);

(c) the substantial asset is shares in the Company's Indonesian subsidiary Masmindo equating to up to 40% of the shares in that company;

(d) the consideration for the first 25% shareholding is USD 15,000,000 and the consideration for the remaining 15% shareholding is USD 25,000,000;

(e) the consideration for the divestment is by way of subscription sums payable to the Company's subsidiary, Masmindo. Masmindo intends to use the subscription funds for the following purposes:

  (i) the proceeds raised from Indika Mineral in respect of the First Investment shall be applied in the following manner in accordance with the business plan and budget:

    (A) to complete the buy-back of 50% of the third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details);

    (B) to satisfy the purchase price and other related cost and expenses in relation to the acquisition of the land for the purpose of the Awak Mas Gold Project;

    (C) to advance the development of the Project up to the decision to mine and other corporate purposes which shall include, among others, project team formation and exploration programs, in each case in accordance with the business plan and budget of the Company; and

(ii) the proceeds raised from Indika Mineral in respect of the Second investment shall be applied to buy-back the remaining third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details) and to advance the development of the Project following the decision to mine (if the Shareholders, as a reserved matter, approve the decision to mine) in accordance with the business plan and budget of the Company;

(f) both the First Investment and the Second Investment are subject to conditions as summarised in Schedule 4 to this Explanatory Statement. Settlement of each investment is due to occur 5 business days after satisfaction or waiver of the relevant conditions. Accordingly, the settlement dates for both investments are not known. The Company will announce to ASX as and when the settlements occur. Below is an indicative timetable (which timetable is subject to change and is dependent on prompt satisfaction of conditions precedent to the staged subscriptions):

Event	Date
Final satisfaction of all conditions to the First Subscription	15 May 2020
Settlement of the First Subscription	22 May 2020
Final satisfaction of all conditions to the Second Subscription	24 December 2020
Settlement of the Second Subscription	31 December 2020

(g) refer to Section 1.8 of this Explanatory Statement for a summary of the terms of the Masmindo Subscription Agreement entered into by Indika Mineral and Masmindo pursuant to which Indika Mineral will acquire up to a 40% shareholding in the Company's subsidiary, Masmindo. Refer to Section 1.9 for a summary of the Shareholder's Agreement entered into by Indika Mineral, the Company and Masmindo.

3.4 Independent Expert's Report

Please refer to the Independent Expert's Report in Annexure A prepared for the purposes of Listing Rule 10.1 for Resolution 2 which comments on the fairness and reasonableness of the transaction the subject of Resolution 2.

The Independent Expert has determined the divestment the subject of Resolution 2 is not fair but reasonable to the non-Associated Shareholders.

4. Resolution 3 – Grant of Share Pledge by the Company's subsidiary

4.1 Background

As set out in Section 1.10 of this Explanatory Statement, the Company's Indonesian subsidiary, Masmindo has entered to a FEED Contract with Petrosea under which there are deferred payments to be secured by the Share Pledge.

As set out in Section 1.11 of this Explanatory Statement the Company's subsidiary, Salu Siwa Pty Ltd (ACN 080 538 709) (**Salu Siwa**), has negotiated with Petrosea a share pledge over 20% of the shares on issue in Masmindo held by Salu Siwa (**Secured Property**) to secure all liabilities and obligations of Masmindo under the FEED Contract, including without limitation the deferred payment terms under the FEED Contract (**Share Pledge**). If Salu Siwa acquires further Masmindo Shares the Secured Property will comprising 20% of the total Masmindo Shares on issue and which are held by Salu Siwa.

Masmindo owns 100% of the Awak Mas Gold Project.

Resolution 3 seeks Shareholder approval for the Share Pledge.

If Shareholders approve Resolution 3 then, the Share Pledge can proceed.

If Shareholders do not approve Resolution 3 then:

(a) Masmindo will not have the benefit of deferred payments under the FEED Contract with Petrosea;

(b) without deferred payments for the services the subject of the FEED Contract, Masmindo or the Company may need to raise additional debt or equity capital to complete the services; and

(c) this may jeopardise the Masmindo the Subscription Agreement the subject of Resolution 2, a condition of which includes that Resolution 3 is passed. If the Masmindo Subscription Agreement is terminated it would affect the Company's ability to progress the Awak Mas Gold Project and delay development until funding or another project partner could be found.

4.2 Listing Rule 10.1

ASX Listing Rule 10.1 requires the approval of the Company's shareholders where it is proposed to acquire a "substantial asset" from, or dispose of a "substantial asset" to:

10.1.1 A related party of the entity.

10.1.2 A child entity of the entity.

10.1.3 A person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity.

10.1.4 An associate of a person referred to in Rules 10.1.1 to 10.1.3.

10.1.5 A person whose relationship with the Company or a person referred to above is such that, in ASX's opinion, the transaction should be approved by Shareholders.

A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX. The Company's total equity interests as per 31 December 2019 financial statements was USD 43,467,935. The value of the Masmindo Shares the subject of the Share Pledge exceeds 5% of this amount. Based on the cost based carrying value of the Awak Mas Gold Project in the Company's accounts the value of the assets secured by the Share Pledge is approximately USD 8 million. Following and based on the value of the First Investment, as agreed by the parties to the Masmindo Subscription Agreement (i.e. a 25% interest in Masmindo for USD 15,000,000 - refer to Section 1.8 for further details), the value of the assets the subject of the Share Pledge is approximately up to USD 12 million.

ASX Guidance Note 24 at Sections 4.3 provides that a substantial holder is a person who has a 'substantial holding' under paragraph (a) of that term in Section 9 in the Corporations Act. That section provides *'a person has a substantial holding in a body corporate…if the total votes attached to voting shares in the body or voting interests ..in which they or their associates…have relevant interest…and would have a relevant interest but for subsection 609(6) (market traded options) or 609(7) (conditional agreements)…'*

In light of the above, whilst Petrosea does not have a Shareholding in the Company, its Associates Indika Energy and Indika Mineral do. Accordingly, Petrosea is deemed to have Voting Power in the Shares held by Indika Energy and Indika Mineral, which exceeds 10%.

Accordingly, Shareholder approval under Listing Rule 10.1 is required for the Share Pledge due to Petrosea falling under category in Listing Rule 10.1.4.

Listing Rule 10.5.9 provides that the notice of meeting must include a voting exclusion statement.

Listing Rule 10.6 provides that the notice of meeting must include a report on the transaction from an independent expert.

Refer to Resolution 3 for a voting exclusion statement and refer to Appendix A for the Independent Expert's Report.

4.3 Listing Rule 10.5

Pursuant to and in accordance with Listing Rule 10.5, the following information is provided in relation to Resolution 3:

(a) the full name of the person taking the benefit of the Share Pledge is PT Petrosea Tbk;

(b) Petrosea meets the category in Listing Rule 10.1.4 (refer to Section 4.2 above for further details);

(c) the substantial asset is a share pledge over shares in Masmindo equating to 20% of the shares on issue in that company held by the Company's subsidiary, Salu Siwa Pty Ltd (ACN 080 538 709) If Salu Siwa acquires further Masmindo Shares the Secured Property will comprising 20% of the total Masmindo Shares on issue and which are held by Salu Siwa;

(d) the consideration being provided by Petrosea for the Share Pledge is deferred payment terms under the FEED Contract. There are no funds being raised as a result of the proposed disposal;

(e) there is no timetable for the Share Pledge transaction. Enforcement of the Share Pledge is only triggered if Masmindo commits an event of default under the Share Pledge; and

(f) refer Section 1.10 of the Explanatory Statement for a summary of the terms of the FEED Contract and refer to Section 1.11 of this Explanatory Statement for a summary of the terms of the Share Pledge.

4.4 Independent Expert's Report

Please refer to the Independent Expert's Report in Annexure A prepared for the purposes of Listing Rule 10.1 for Resolution 3 which comments on the fairness and reasonableness of the transaction the subject of Resolution 3.

The Independent Expert has determined the proposed grant of the Share Pledge is fair and reasonable to the non-Associated Shareholders.

5. Resolution 4 – Grant of Options to PT Petrosea Tbk. (or its nominee)

5.1 General

Resolution 4 seeks Shareholder approval to grant to PT Petrosea Tbk. (**Petrosea**) (or its nominee) 3,000,000 first tranche Petrosea Options and 7,000,000 second tranche Petrosea Options on the terms and conditions set in Schedule 2.

Refer to section 1.12 of this Explanatory Statement for a background to Resolution 4.

5.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to any of the following:

10.11.1 *A related party.*

10.11.2 *A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company.*

10.11.3 *A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to sit on the board of the Company) pursuant to a relevant agreement which gives them a right or expectation to do so.*

10.11.4 *An associate of any of the above.*

10.11.5 *A person whose relationship with the Company or a person referred to above is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.*

As per Schedule 1 the current aggregate Shareholding of the Indika Group is currently 18.5%.

Indika Energy currently has a nominee on the board of Directors of the Company under a prior agreement (namely Mr Richard Ness).

Indika Energy meets the category under ASX Listing Rule 10.11.3.

As per Section 1.1 of this Explanatory Statement, 69.8% of Petrosea's shares are held by Indika Energy.

Accordingly, Petrosea is an Associate of Indika Energy.

Accordingly, Shareholder approval under Listing Rule 10.11 is required for the proposed grant of the Petrosea Options as Petrosea falls under the category in Listing Rule 10.11.4.

If Resolution 4 is passed, the Company will be able to proceed to grant 10,000,000 Petrosea Options to Petrosea (or its nominee).

If Resolution 4 is not passed, the proposed grant of Petrosea Options will not proceed. This may jeopardise the Masmindo the Subscription Agreement the subject of

Resolution 2. The Masmindo Subscription Agreement includes a condition that Resolution 4 is passed and the Petrosea Options are issued. If the Masmindo Subscription Agreement is terminated it would affect the Company's ability to progress the Awak Mas Gold Project as planned and would delay development until funding or another project partner could be found.

5.3 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options under Resolution 4:

(a) the Petrosea Options will be granted to PT Petrosea Tbk. or its nominee;

(b) PT Petrosea Tbk. meets category 10.11.4 for the reasons set out in Section 5.2 of this Explanatory Statement;

(c) 10,000,000 Petrosea Options are proposed to be granted under Resolution 4;

(d) Petrosea Options will be granted on terms and conditions set out in Schedule 2;

(e) the Petrosea Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on one date;

(f) the issue price will be nil per Option;

(g) the purpose of the issue is to comply with the Company's agreement to grant the Petrosea Options under the Petrosea Subscription Agreement (summarised in Section 1.12 of this Explanatory Statement) which was negotiated in the broader context of the matters the subject of the Term Sheet to incentivise and align Petrosea with the Company's investors; and

(h) the Options will be issued under the Petrosea Subscription Agreement summarised in Section 1.12 of this Explanatory Statement.

Approval pursuant to Listing Rule 7.1 is not required for Resolution 4 as approval is being obtained under Listing Rule 10.11. Accordingly, the grant of Options to PT Petrosea Tbk. (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

6. Resolution 5 – Grant of Options to PT Indika Energy Tbk. (or its nominee)

6.1 General

Resolution 5 seeks Shareholder approval to grant to PT Indika Energy Tbk. (**Indika Energy**) (or its nominee) 10,000,000 Indika Options on the terms and conditions set in Schedule 4.

Refer to section 1.13 of this Explanatory Statement for a background to Resolution 5.

6.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is provided in section 5.2 above.

As per Schedule 1, the current aggregate Shareholding of the Indika Group is currently 18.5%.

Indika Energy currently has a nominee on the board of Directors of the Company under a prior agreement (namely Mr Richard Ness).

Accordingly, Indika Energy falls under the category in Listing Rule 10.11.3.

If Resolution 5 is passed, the Company will be able to proceed to grant 10,000,000 Indika Options to Indika Energy (or its nominee).

If Resolution 5 is not passed, the proposed grant of the Indika Options will not proceed. This may jeopardise the Masmindo the Subscription Agreement the subject of Resolution 2. The Masmindo Subscription Agreement includes a condition of which includes that Resolution 5 is passed and the Indika Options are issued. If the Masmindo Subscription Agreement is terminated it would affect the Company's ability to progress the Awak Mas Gold Project as planned and would delay development until funding or another project partner could be found.

6.3 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Indika Options under Resolution 5:

(a) the Indika Options will be granted to PT Indika Energy Tbk. or its nominee;

(b) PT Indika Energy Tbk. meets category 10.11.3 for the reasons set out in Section 5.2 of this Explanatory Statement;

(c) 10,000,000 Indika Options are proposed to be granted under Resolution 5;

(d) the Indika Options will be granted on the terms and conditions set out in Schedule 3;

(e) the Indika Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on one date;

(f) the issue price will be nil per Indika Option;

(g) the purpose of the issue is to comply with the Company's agreement to grant the Indika Options under the Indika Subscription Agreement (summarised in Section 1.13 of this Explanatory Statement) which was negotiated in the broader context of the matters the subject of the Term Sheet to incentivise and further align Indika Energy with the Company's investors; and

(h) the Options will be issued under the Indika Subscription Agreement summarised in Section 1.13 of this Explanatory Statement.

Approval pursuant to Listing Rule 7.1 is not required for Resolution 5 as approval is being obtained under Listing Rule 10.11. Accordingly, the grant of Indika Options to PT Indika Energy Tbk. (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

7. Resolutions 6 and 7 – Ratification of prior issue – Shares

7.1 General

Please refer to Section 1.6 of this Explanatory Statement for the background to Resolutions 6 and 7.

As announced by the Company to ASX on 18 December 2019, the Company completed the issue of 21,539,706 Shares under the Placement on that date.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 4,762,107 Placement Shares.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 16,777,599 Placement Shares.

7.2 Resolution 6 – ASX Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.3 Resolution 7 – ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

(a) will not be counted in variable “A” in the formula in ASX Listing Rule 7.1A; and

(b) are counted in variable “E”,

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A or 12-months has passed since their issue.

By ratifying the issue, the subject of Resolution 7, the base figure (i.e. variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

7.4 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of Shares the subject of Resolutions 6 and 7:

(a) the Shares were issued to clients of MST Financial Services Pty Ltd who are exempt offerees under the Corporations Act. None of these subscribers are related parties of the Company however subscribers included the substantial holders Lion Selection Group Limited and AustralianSuper Pty Ltd;

(b) 21,539,706 Shares were issued comprising 4,762,107 Shares the subject of Resolution 6 and 16,777,599 Shares the Subject of Resolution 7;

(c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Shares were issued on 18 December 2019;

(e) the issue price was AUD 0.34 per Share;

(f) the purpose of the issue was to raise capital to be used towards advancing the Awak Mas Gold Project and for general working capital.

GLOSSARY

In this Explanatory Statement (and the Notice of Meeting) the following terms will bear the following meanings, unless the context otherwise requires:

Associates has the meaning set out in sections 11 to 17 of the Corporations Act, as applicable and in accordance with the note to Listing Rule 14.11.

AUD means Australian dollars.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Cash Call 2019 means the amount of USD 4,578,825 representing an amount which Company had, prior to the date of the Masmindo Subscription Agreement, contributed to Masmindo in respect of the Company's funding requirements for the period from January 2019 to December 2019.

Chair means the chair of the Meeting and where relevant the Chair for the relevant part of the Meeting.

Company means Nusantara Resources Limited (ACN 150 791 290).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

COW means the contract of work dated 19 February 1998 as amended by the amendment on contract of work dated 14 March 2018 between the Government of the Republic of Indonesia and Masmindo (as may be amended and/or converted to a mining business permit or izin usaha pertambangan pursuant to the Mining Law).

Director means a director of the Company.

EPC Contract has the meaning given in Section 1.7 of this Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

FEED Contract means the proposed contract summarised in Section 1.10 of this Explanatory Statement.

First Investment has the meaning given in Schedule 4 of this Explanatory Statement.

First Capital Injection has the meaning given in Schedule 4 of this Explanatory Statement.

General Meeting or **Meeting** means the meeting convened by this Notice.

Independent Expert's Report means the Independent Expert's Report prepared by the Independent Expert which is attached as Annexure A.

Independent Expert means PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572.

Indika Energy means PT Indika Energy Tbk.

Indika Group means Indika Energy, Indika Mineral and Petrosea.

Indika Mineral means PT Indika Mineral Investindo.

Indika Options means the Options the subject of Resolution 5.

Indika Subscription Agreement means the agreement summarised in Section 1.13 of this Explanatory Statement.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Masmindo Shareholder's Agreement has the meaning given in Section 1.9 of this Explanatory Statement.

Masmindo Shareholder means the holder of a Masmindo Share.

Masmindo Shares means shares in the capital of Masmindo.

Masmindo Subscription Agreement has the meaning given in Section 1.8 of this Explanatory Statement.

Material Adverse Effect means any material adverse change in or effect on the business, assets, liabilities, condition (financial or otherwise), prospects and/or results of operations of Masmindo or an impairment of the business, assets, liabilities, condition (financial or otherwise), prospects and/or results of operations of the Masmindo having a value in an aggregate amount of at least USD 10,000,000.

MEMR means Ministry of Energy and Mineral Resources of the Republic of Indonesia.

MEMR Approval means approval by MEMR in relation to the issue of Masmindo Shares under the First Investment, the issue of Masmindo Shares in relation to the conversion of the Cash Call 2019 and the First Capital Injection.

MEMR Approval 2 means approval by MEMR in relation to the issue of Masmindo Shares under the Second Investment and the Second Capital Injection.

Option means an option to acquire a Share.

Petrosea means PT Petrosea Tbk.

Petrosea Options means the Options the subject of Resolution 4.

Petrosea Subscription Agreement has the meaning given in Section 1.12 of this Explanatory Statement.

Placement has the meaning given in Section 1.6 of the Explanatory Statement.

PricewaterhouseCoopers Securities Ltd means PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, Holder of Australian Financial Services Licence No 244572.

Proxy Form means the proxy form accompanying the Notice.

PT Masmindo or Masmindo means PT Masmindo Dwi Area.

Relevant Interest has the meaning given to that term in the Corporations Act.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Salu Siwa means Salu Siwa Pty Ltd (ACN 080 538 709).

Second Capital Injection has the meaning given in Schedule 4 of this Explanatory Statement.

Second Investment has the meaning given in Schedule 4 of this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder's Agreement has the meaning given in Section 1.9 of this Explanatory Statement.

Share Pledge means the share pledge the subject of the agreement summarised in Section 1.11 of this Explanatory Statement.

Shareholder means a holder of a Share.

SPP has the meaning given in Section 1.6 of the Explanatory Statement.

Term Sheet means the Term Sheet the subject of the Company's announcement to ASX on 9 December 2019.

USD means United States dollars.

Voting Power has the meaning given to that term in the Corporations Act.

WST means Western Standard Time as observed in Perth, Western Australia.

Schedule 1 – Voting Power of the Indika Group

Name	Existing Shares	Existing Options	Current % Share-holding undiluted	Current % Share-holding fully diluted[1]	Shares to be issued under Resolution 1	Options to be granted under Resolution 4	Options to be issued under Resolution 5	Total Shares upon issue of Resolution 1 Shares	Total Options upon grant of Options under Resolutions 4 and 5	% Share-holding undiluted after Resolution 1 Share issue[2]	% Share-holding after grant and full conversion of Resolutions 4 and 5 Options[1]
PT Indika Energy Tbk.	2,050,808	-	1.1%	1.0%	-	-	10,000,000	2,050,808	-	1.0%	5.0%
PT Indika Mineral Investindo	33,387,422	16,693,711	17.4%	24.0%	10,500,000	-	-	43,887,422	26,693,711	21.7%	25.3%
PT Petrosea Tbk.	-	-	-	-	-	10,000,000	-	-	10,000,000	-	4.2%
Total	**35,438,230**	**16,693,711**	**18.5%**	**25.0%**	**10,500,000**	**10,000,000**	**10,000,000**	**45,938,230**	**36,693,711**	**22.7%**	**34.5%**

Notes

1. Assumes all Indika Group Options are exercised but no other Options are exercised and no other Shares are issued.

2. Assumes no other Shares are issued.

3. Table above assumes that Indika Energy, and not a nominee is granted the Indika Options and is the party that exercises those Options.

4. Table above assumes that Petrosea, and not a nominee is granted the Petrosea Options and is the party that exercises those Options.

Schedule 2 – Option Terms – Petrosea Options

The Options entitle the holder (**Optionholder**) to subscribe for, and be issued, Shares on and subject to the following terms and conditions:

(a) Entitlement

Each Option gives the Optionholder the right to subscribe for, and be issued, one Share.

(b) Expiry Date

The Petrosea Share Options (**First Tranche**) will expire at 5.00pm (WST) on 1 July 2022 (**First Tranche Expiry Date**). Any Petrosea Share Option (First Tranche) not exercised before the First Tranche Expiry Date will automatically lapse on the First Tranche Expiry Date.

The Petrosea Share Options (**Second Tranche**) will expire at 5.00pm (WST) on 1 July 2024 (**Second Tranche Expiry Date**). Any Petrosea Share Option (Second Tranche) not exercised before the Second Tranche Expiry Date will automatically lapse on the Second Tranche Expiry Date.

(c) Exercise Price

The amount payable upon exercise of each Petrosea Share Options (First Tranche) will be AUD 0.45 (**First Tranche Exercise Price**).

The amount payable upon exercise of each Petrosea Share Options (Second Tranche) will be AUD 0.45 (**Second Tranche Exercise Price**).

(d) Notice of Exercise

An Option holder may exercise any Petrosea Share Options (First Tranche) at any time after the First Tranche Vesting Date but before the First Tranche Expiry Date and any Petrosea Share Options (Second Tranche) at any time after the Second Tranche Vesting Date but before the Second Tranche Expiry Date by lodging with the Company:

(i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and

(ii) a cheque or electronic funds transfer for the aggregate First Tranche Exercise Price or Second Tranche Exercise Price (as applicable) for the number of Options being exercised.

For the purposes of the above, the First Tranche Vesting Date is the date upon which Masmindo makes a decision to commence developing for mining operations at the Awak Mas Gold Project.

For the purposes of the above, the Second Tranche Vesting Date is the date upon which the last of the following occur:

(iii) Masmindo and the Subscriber entering into an engineering, procurement and construction contract for the Awak Mas Gold Project;

(iv) commercial gold production at the Awak Mas Gold Project; and

(v) the engineering, procurement and construction contract is completed and the price paid for services under that contract are within 110% of the contracted price (for the avoidance of doubt the contracted price includes estimates for provisional sums).

(e) Exercise Date

An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of payment of the First Tranche Exercise Price or Second Tranche Exercise Price (as applicable) for each Option being exercised in cleared funds (**Exercise Date**).

(f) Timing of issue of Shares on exercise and quotation

Within 10 Business Days after the later of the following:

(i) receipt of the Exercise Notice;

(ii) when any Excluded Information ceases to be Excluded Information; and

(iii) any necessary shareholder approvals for the issue of the Shares on exercise of the Subscription Options is obtained (if required),

the Company will:

(iv) allot the applicable Shares to the Optionholder;

(v) if the Company is admitted to the official list of the ASX at the time, apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options; and

(vi) ensure that any Shares issued are tradeable immediately following their issuance, including by "cleansing notice" in accordance with section 708(5)(e) and 708(6) of the Corporations Act or prospectus in accordance with section 708A(11) of the Corporations Act.

(g) Shares issued on exercise

All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued fully paid Shares.

(h) Quotation of Shares issued on exercise

If admitted to the official list of the ASX at the time, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(i) Reorganisation

If, prior to the Expiry Date, the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and any requirements with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(j) Participation in new issues

(i) There are no participating rights or entitlements inherent in the Options.

(ii) An Optionholder will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options except to the extent that Options are exercised prior to the 'record date' for determining entitlements for the new issue.

(k) Change in exercise price

Subject to (i) above and (l) below, an Option does not confer on the holder any right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

(l) Bonus Issue

If there is a pro rata bonus issue of securities to Shareholders prior to the Expiry Date, the number of Shares over which the Option is exercisable may be increased by the number of securities which the Option holder would have received if the Option was exercised before the record date for the bonus issue.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australia securities law.

(n) Agreement to be bound

By lodging an Exercise Notice, the Optionholder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.

(o) Listing

If at any time the Options are eligible for quotation under the terms of the ASX Listing Rules, the Company must apply to ASX for official quotation of the Options.

Schedule 3 – Option Terms – Indika Energy

The Options entitle the holder (**Optionholder**) to subscribe for, and be issued, Shares on and subject to the following terms and conditions:

(a) Entitlement

Each Option gives the Optionholder the right to subscribe for, and be issued, one Share.

(b) Expiry Date

The Options will expire at 5.00pm (WST) on 1 December 2022 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Exercise Price

The amount payable upon exercise of each Option will be AUD 0.61 (**Exercise Price**).

(d) Notice of Exercise

An Optionholder may exercise any Options by lodging with the Company at any time after the Vesting Date but before the Expiry Date:

(i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and

(ii) a cheque or electronic funds transfer for the aggregate Exercise Price for the number of Options being exercised.

For the purposes of the above, the **Vesting Date** is the date upon which the Tranche 2 Completion occurs in accordance with the terms of the Subscription Agreement.

(e) Exercise Date

An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(f) Timing of issue of Shares on exercise and quotation

Within 10 Business Days after the later of the following:

(i) receipt of the Exercise Notice;

(ii) when any Excluded Information ceases to be Excluded Information; and

(iii) any necessary shareholder approvals for the issue of the Shares on exercise of the Subscription Options is obtained (if required),

the Company will:

(iv) allot the applicable Shares to the Optionholder;

(v) if the Company is admitted to the official list of the ASX at the time, apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options; and

(vi) ensure that any Shares issued are tradeable immediately following their issuance, including by "cleansing notice" in accordance with section 708(5)(e) and 708(6) of the Corporations Act or prospectus in accordance with section 708A(11) of the Corporations Act.

(g) Shares issued on exercise

All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued fully paid Shares.

(h) Quotation of Shares issued on exercise

If admitted to the official list of the ASX at the time, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(i) Reorganisation

If, prior to the Expiry Date, the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and any requirements with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(j) Participation in new issues

(i) There are no participating rights or entitlements inherent in the Options.

(ii) An Optionholder will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options except to the extent that Options are exercised prior to the ‘record date’ for determining entitlements for the new issue.

(k) Change in exercise price

Subject to (i) above and (l) below, an Option does not confer on the holder any right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

(l) Bonus Issue

If there is a pro rata bonus issue of securities to Shareholders prior to the Expiry Date, the number of Shares over which the Option is exercisable may be increased by the number of securities which the Option holder would have received if the Option was exercised before the record date for the bonus issue.

(m) Transferability

The Options are transferable subject to any restriction or escrow

arrangements imposed by ASX or under applicable Australia securities law.

(n) Agreement to be bound

By lodging an Exercise Notice, the Optionholder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.

(o) Listing

If at any time the Options are eligible for quotation under the terms of the ASX Listing Rules, the Company must apply to ASX for official quotation of the Options.

Schedule 4 – Summary of the terms of the Masmindo Subscription Agreement

On 25 February 2020, Indika Mineral, the Company and the Company's Indonesian subsidiary, Masmindo, entered into a subscription agreement (**Masmindo Subscription Agreement**), the material terms of which include:

(a) Indika Mineral will subscribe for shares in Masmindo representing 25% of the shares on issue in Masmindo for USD 15,000,000 (**First Investment**) with settlement to occur within 5 business days of the last of the conditions being satisfied or waived;

(b) Indika Mineral has the right, but not the obligation, to subscribe for shares in Masmindo representing 15% of the shares on issue in Masmindo for USD 25,000,000 (**Second Investment**) with settlement to occur within 5 business days of the last of the conditions being satisfied or waived;

(c) the First Investment is subject to the following material conditions precedents (amongst others) to be satisfied within 6 months of the date of the agreement:

  (i) the Company contributing USD 3,600,000 in capital to Masmindo through its subsidiary Salu Siwa (**First Capital Injection**) and completing the buy-back of 50% of the third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details);

  (ii) no breach of warranties;

  (iii) no material adverse change;

  (iv) all necessary shareholder and other approvals; and

  (v) the agreement by the Company and Indika Mineral of a revised business plan and budget for Masmindo to take into account (amongst others) Masmindo's scope and allocation of activities arising from the FEED Contract, payment of the reclamation guarantee under MEMR Letter No. 595/37.06/DJB/2019 dated 13 February 2019, and the subscription of the First Investment and Second Investment Masmindo Shares;

(d) the Second Investment is subject to the following material conditions precedent (amongst others) occurring before 21 December 2021:

  (i) Masmindo makes a decision to mine in relation to the Awak Mas Gold Project;

  (ii) the receipt by Masmindo of all relevant corporate approvals relating to the entry into an EPC Contract for the Awak Mas Gold Project with the appropriate financing arrangements;

  (iii) the entry or commitment to enter into gold hedging arrangements by Masmindo;

  (iv) the acquisition of the land rights as may be required for the Awak Mas Gold Project;

(v) Masmindo having secured third party financing for the purposes of funding the EPC Contract relating to the Awak Mas Gold Project;

(vi) Masmindo having spent the First Investment proceeds in accordance with the agreed purposes under the Masmindo Subscription Agreement;

(vii) the Company contributing USD 1,500,000 in capital to Masmindo through Salu Siwa (**Second Capital Injection**) and completing the buy-back of the remaining 50% of the third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details); and

(viii) the receipt by the Company of the necessary shareholder and approvals;

(e) in the event that all of the First Investment conditions have been satisfied save for the receipt of the MEMR Approval, Indika Mineral may provide Masmindo USD 15,000,000 in advance consideration for convertible notes on the following material terms:

(i) the funds must be spent to complete the buy-back of 50% of the third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details), to satisfy the purchase price and other related cost and expenses in relation to the acquisition of the land for the purpose of the Awak Mas Gold Project, and to advance the development of the Awak Mas Gold Project up to the decision to mine and other corporate purposes which shall include, among others, project team formation and exploration programs, in each case in accordance with the business plan and budget of the Company;

(ii) repayment is required on an event of default, which includes a scenario whereby MEMR Approval is either not obtained or approved within 6 months of the date of the Masmindo Subscription Agreement;

(iii) upon receipt of the MEMR Approval, the First Capital Injection and the Cash Call 2019, Masmindo shall convert the convertible notes into Masmindo Shares equalling 25% of Masmindo subject to various regulatory and administrative actions; and

(iv) the Company guarantees the obligations of Masmindo under the convertible note terms;

(f) in the event that all of the Second Investment conditions have been satisfied save for the receipt of the MEMR Approval 2, Indika Mineral will provide Masmindo USD 25,000,000 in consideration for convertible notes on the following material terms:

(i) the funds must be spent to buy back the remaining third party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details) and to advance the development of the Project in accordance with the business plan and budget of the Company;

(ii) repayment is required on an event of default, which includes a scenario whereby MEMR Approval 2 is either not obtained or approved by 31 December 2021; and

(iii) upon receipt of the MEMR Approval 2 and the Second Capital Injection, Masmindo shall convert the convertible notes into Masmindo Shares equalling 15% of Masmindo subject to various regulatory and administrative actions; and

(iv) the Company guarantees the obligations of Masmindo under the convertible note terms;

(g) Masmindo and the Company give a number of warranties under the agreement customary for a subscription agreement of its nature;

(h) Masmindo gives a number of undertakings and indemnities under the agreement customary for a subscription agreement of its nature;

(i) Masmindo grants Indika Mineral and exclusivity arrangement until 31 December 2021 during which it will not solicit or entertain proposals from other parties regarding an investment in the Company or the Awak Mas Gold Project;

(j) Indika Mineral has a number of termination rights, including if conditions to the First Investment or Second Investment are not met within the relevant periods or if a Material Adverse Effect occurs before completion of the First Investment, and

(k) the Company guarantees the obligations of Masmindo under the Masmindo Subscription Agreement.

Schedule 5 – Summary of the material terms of the Shareholders Agreement

On 25 February 2020 Indika Mineral, the Company, Salu Siwa, Vista Gold (Barbados) Corp and Masmindo entered into a shareholders agreement to govern the relationship of the shareholders in Masmindo and the relationship of the shareholders with Masmindo (in the event Resolution 2 is approved and Indika Mineral becomes a Masmindo Shareholder) (**Shareholders Agreement**). The material terms of the Shareholders Agreement include:

(a) Masmindo will spend the First Investment to complete the buy-back of 50% of the third-party royalty on the Awak Mas Gold Project (refer to the Company's ASX announcement dated 4 November 2019 for further details), to satisfy the purchase price and other related cost and expenses in relation to the acquisition of the land for the purpose of the Awak Mas Gold Project, and to advance the development of the Awak Mas Gold Project up to the decision to mine and other corporate purposes which shall include, among others, project team formation and exploration programs, in each case in accordance with the business plan and budget of the Company;

(b) Masmindo will spend the Second Investment funds to advance the development of the Project in accordance with the business plan and budget of the Company;

(c) Masmindo will spend the amounts raised through third party financing to pay Petrosea all amounts owing under the FEED Contract, to finance the costs and fees to be incurred under an EPC Contract and to advance the Awak Mas Gold Project following a decision to mine in accordance with the business plan and budget of Masmindo;

(d) Indika Mineral shall assist Masmindo in arranging third party financing for the Awak Mas Gold Project;

(e) if additional funding is required for Masmindo this may occur by way of further subscriptions by the Masmindo Shareholders for Masmindo Shares or by way of Masmindo Shareholder loans (in either case to be offered pro-rata). However, in the period up to 31 December 2021, such additional funding may only be made by way of subscription for further Masmindo Shares. Non-participation by a Masmindo Shareholder (when another Masmindo Shareholder participates) when additional funding is raised in this manner will result in the non-participating Masmindo Shareholder being diluted.

(f) A Masmindo Shareholder who holds a 10% or greater shareholding in Masmindo, will have the right to appoint 1 nominee on the board of directors and the board of commissioners of Masmindo (and in Indika Mineral case, their nominee director may be the Chief Financial Officer of Masmindo) and any matters defined as 'fundamental matters' shall require their consent in order to be effected.

(g) the board of directors of Masmindo will comprise 5 directors, with:

(i) Indika Mineral having the right to appoint 2 directors (including the Chief Financial Officer director) so long as it holds 20% or more of the Masmindo Shares on issue; and

(ii) the Company having the right to appoint 2 directors (including the president director of Masmindo (with Indika Mineral's written consent) so long as it holds 20% or more of the Masmindo Shares on issue;

(h) the board of commissioners of Masmindo will comprise 5 commissioners, with:

(i) Indika Mineral having the right to appoint 2 commissioners and the president commissioner so long as it holds 20% or more of the Masmindo Shares on issue; and

(ii) the Company having the right to appoint 2 commissioners so long as it holds 20% or more of the Masmindo Shares on issue it;

(i) in order for reserved matters of Masmindo to occur written approval of each shareholder in Masmindo with a 20% or greater Masmindo Shareholding is required;

(j) if Masmindo and Petrosea agree to the terms of the EPC Contract under which Petrosea provides the relevant services, those parties will enter into the EPC Contract. Entry into the EPC Contract is subject to a benchmarking exercise to determine whether the EPC Contract is reasonably acceptable for a project of its nature and scale in Indonesia;

(k) until the final delivery date under the FEED Contract, Masmindo will negotiate the EPC Contract exclusively with Petrosea;

(l) each Masmindo Shareholder has pre-emptive rights (and tag-along rights) if the other Masmindo Shareholder wishes to sell their shares (there is an exception for transfers to affiliates);

(m) if a Masmindo Shareholder is subject to a default event, each Masmindo Shareholder is granted a call option to purchase the other Masmindo Shareholders shares for market value (plus 10% where the purchaser is the defaulting Masmindo Shareholder and minus 10% where the seller is the defaulting Masmindo Shareholder) determined by an independent valuer; and

(n) the Masmindo Shareholders agree that no Masmindo Shareholder may acquire a mining interest within a 25km radius of the area of land the subject of the COW without first offering the mining interest to Masmindo on the same terms.

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Independent Expert's Report

Nusantara Resources Limited

Prepared for the Independent Directors of Nusantara Resources Limited

24 March 2020

pwc

The Independent Directors
Nusantara Resources Limited
20 Kings Park Road
West Perth WA 6005

24 March 2020

Dear Independent Directors

Independent Expert's Report

Introduction

1. Nusantara Resources Limited (**Nusantara** or the **Company**) is seeking shareholder approval in respect of certain resolutions (detailed below) to be voted on by Nusantara shareholders (the **Shareholders**) at a General Meeting to be held on, or about, 27 April 2020.

2. Nusantara owns 100% of the Awak Mas Gold Project (the **Project**) in south Sulawesi, Indonesia, through its wholly owned Indonesian subsidiary PT Masmindo Dwi Area (**PT Masmindo**).

3. In December 2018, Nusantara agreed the placement of a 19.9% interest in its share capital to PT Indika Energy Tbk's (**Indika Energy**) wholly owned subsidiary, PT Indika Mineral Investindo (**Indika Mineral**). As part of this placement, Indika Mineral was also issued 16.7 million options in Nusantara with an exercise prices of A$0.35 per Nusantara share (the **Existing Indika Options**). Immediately prior to the transactions described below, Indika Energy and Indika Mineral together held a 21% interest in Nusantara.

4. Indika Energy is an Indonesia Stock Exchange (**IDX**) listed coal and energy company which has a 70% interest in IDX listed contracting company, PT Petrosea Tbk (**Petrosea**). Herein, Indika Energy, Indika Mineral and Petrosea are referred to as the **Indika Group**.

5. Nusantara announced on 9 December 2019 that it had entered into a non-binding term sheet with the Indika Group and announced binding agreements on 26 February 2020 and on 24 March 2020 whereby, under the binding agreements (subject to certain conditions):

   - Indika Mineral will acquire a direct equity interest in PT Masmindo of up to 40% for an investment into PT Masmindo of up to US$40 million (the **Project Equity Investment**);
   - Petrosea to be awarded the Front-End Engineering and Design (**FEED**) contract for the Project and during the delivery of the FEED contract, subject to certain conditions, PT Masmindo will use best endeavours to negotiate an Engineering, Procurement and Construction (**EPC**) contract with Petrosea for the development of the Project;
   - Petrosea is to provide deferred payment terms in respect of the aforementioned FEED and EPC contracts of:
     – up to US$15 million with regard to the FEED contract (the **Stage 1 Deferred Payment**); and

  - up to US$30 million with regard to the EPC contract (which is subject to negotiation and final agreement) (the **Stage 2 Deferred Payment**).

- A share pledge of 20% of the shares in PT Masmindo is being provided by Nusantara's wholly owned subsidiary, Salu Siwa Pty Ltd (**Salu Siwa**), as security in relation to the Stage 1 Deferred Payment (the **Share Pledge**);
- Nusantara commits to invest US$10 million in two stages into PT Masmindo to fund cancellation of a third-party royalty, exploration and other activities, and to issue 10 million options over Nusantara shares to Indika Energy (or its nominee) for nil (no additional) consideration at an exercise price of $0.61 per Nusantara share (the **Indika Energy Share Options**) and to issue a further 10 million options in two tranches to Petrosea for nil consideration at an exercise price of $0.45 per Nusantara share (the **Petrosea Share Options**) (collectively referred to as the **Share Options**); and
- Nusantara and Indika Energy will collaborate on seeking third party and mezzanine finance towards the development of the Project.

(the **Proposed Transactions**).

6. Subsequent to its announcement on 9 December 2019, Nusantara announced on 13 December 2019 that it had commitments to raise A$11 million via an equity placement (at A$0.34 per Nusantara share) to new and existing institutional and sophisticated investors (the **Placement**) together with a share purchase plan (**SPP**) for eligible Shareholders. The announcement stated that Indika Energy was supportive of the Placement and subject to Shareholder approval, would commit to take 10.5 million shares (the **Placement Shares**) at A$0.34 per share for A$3.57 million (A$3.52 million net of broker fees) (the **Share Placement)**. We understand that Australian Securities Exchange (**ASX**) Listing Rule 10.11.3 excluded Indika Energy from initially participating in the Placement until Shareholder approval was obtained. Therefore, Indika Energy's interest has been diluted to 18.5% as a result of the Placement and SPP. However, on receiving requisite shareholder approval for its participation in the Placement, Indika Energy's interest will increase to 22.7%.

7. Under section 611 item 7 of the Corporations Act 2001 (Cth) (**the Corporations Act**) for the Indika Group's relevant interest (**Voting Power**) in Nusantara to be allowed to be increased from below 20% to over 20%, or increased from a level between 20% and 90%, it is ASIC policy (under RG 111) that an independent expert report (**IER**) be provided to Shareholders that assesses whether the issue of Shares and options and associated increase in voting power described above is "fair and reasonable" to the Shareholders who are not associated with the related transactions (the **Non-associated Shareholders**) should consider the transaction as if it was a takeover bid.

8. The Placement will, upon the issue of Placement Shares to the Indika Group, give rise to the Indika Group increasing its Shareholding to a level from below 20% to greater than 20%. In addition, the potential future conversion of the Existing Indika Options and the proposed issue and potential future conversion of the Petrosea and Indika Energy Share Options will also give rise to Indika Group increasing its Shareholding from above 20% but below 90%. Therefore, the Independent Directors of Nusantara have requested PricewaterhouseCoopers Securities Ltd (**PwC Securities**) to prepare an IER to assist the Non-associated Shareholders to assess the fairness and reasonableness of the Share Placement and potential exercise by the Indika Group of options currently held and proposed to be issued to the Indika Group (the subject of Resolution 1 of the Notice of Meeting). We understand our IER is to be included as an attachment to the Notice of General Meeting (the **Notice of Meeting**) provided to Shareholders.

9. The IER has also been sought to fulfil the requirements of ASX Listing Rule 10.1. ASX Listing Rule 10.1 provides that shareholder approval is required where an entity proposes to dispose of or agree to dispose of a "substantial asset" to (amongst other parties):

   - a related party;
   - a substantial shareholder (holding 10% or more of the shares in the entity); or
   - an Associate of either of the above.

10. The ASX also deems the granting of a security interest over an asset to be a disposal of that asset.

11. Therefore, the Independent Directors of Nusantara have also requested an IER to assist the Non-associated Shareholders to assess the merits of the proposed acquisition by Indika Mineral of shares in PT Masmindo (the subject of Resolution 2 of the Notice of Meeting) and also the merits of the grant of the Share Pledge over certain PT Masmindo shares held by Salu Siwa in respect of the Stage 1 Deferred Payment (the subject of Resolution 3 of the Notice of Meeting).

12. In summary, the opinions sought by the Independent Directors of Nusantara and provided in this IER are in respect of:

    i) Resolution 1 of the Notice of Meeting - Issue of Shares to Substantial Shareholder and Increase of Voting Power of the Indika Group, comprising:
       - the proposed issue of 10.5 million Shares at $0.34 per Share to Indika Mineral (being the Placement Shares);
       - the potential acquisition of 16,693,711 Shares by the Indika Group upon conversion of the Existing Indika Options held by Indika Mineral; and
       - the potential conversion of the Share Options proposed to be issued by the Company to Indika Energy (or its nominee) (being the Indika Energy Share Options) and to Petrosea (being the Petrosea Share Options) in accordance with the Proposed Transactions.

    ii) Resolution 2 of the Notice of Meeting – Partial Divestment of Asset, being
       - that PT Masmindo issues fully paid ordinary shares to Indika Mineral, such that Indika Mineral will acquire up to 40% of the shares on issue in PT Masmindo on the terms and conditions set out in section 1 of this IER and as detailed in the Explanatory Statement.

    iii) Resolution 3 of the Notice of Meeting – Grant of Share Pledge by Salu Siwa, being:
       - the Company's wholly owned subsidiary Salu Siwa grants Petrosea a security over 20% of the shares on issue in PT Masmindo held by Salu Siwa, on the terms and conditions set out in section 1 of this IER and as detailed in the Explanatory Statement.

13. The Share Placement and Proposed Transactions are not conditional on each other. Therefore, the aforementioned Resolutions are not conditional however, we note that they are interrelated in that the granting of a Share Pledge pursuant to Resolution 3 and the proposed issue of the Share Options (Resolutions 4 and 5, for which no opinion is being sought), which contribute to a component of the increase in voting power considered by Resolution 1, will only actually be undertaken if the proposed partial divestment of PT Masmindo to Indika Mineral (Resolution 2) is approved by the Shareholders.

14. We have presented below a summary of the opinions and main conclusions of PwC Securities which are extracted from the full IER.

Summary of Opinions

15. Our assessment of Resolution 1, Resolution 2 and Resolution 3 of the Notice of Meeting have been undertaken in accordance with the principles of ASIC Regulatory Guide 111 (**RG111**) *Content of expert reports*. In summary:

    - Resolution 1 - The Issue of Shares to substantial Shareholder and Increase of Voting Power of the Indika Group is Not Fair but Reasonable
    - Resolution 2 – The Partial Divestment of Asset is Not Fair but Reasonable
    - Resolution 3 – Grant of Share Pledge by Salu Siwa is Fair and Reasonable

16. The reasons for our opinions are set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

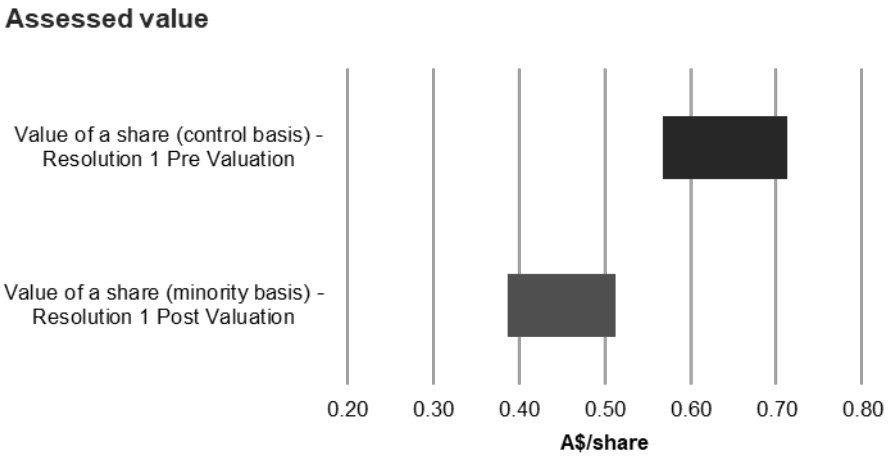
Resolution 1 - The Issue of Shares to substantial Shareholder and Increase of Voting Power of the Indika Group is Not Fair but Reasonable

The Issue of Shares to substantial Shareholder and Increase of Voting Power of the Indika Group is not fair

17. To assess fairness for the purposes of Resolution 1 we have considered the value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis and compared this to the assessed value of a Share on a minority interest basis immediately post the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options.

18. We have assessed the fair market value of a Share (on a controlling interest basis) as at the date of this report to be in a range from A$0.57 to A$0.71 with a preferred value of A$0.64.

19. We have assessed the potential value of a Share (on a minority interest basis) assuming the issue of the Placement Shares and shareholder approval is gained for the potential conversion of the Existing Indika Options and for the proposed issue of the Share Options to be in a range from A$0.39 to A$0.51 with a preferred value of A$0.44.



Source: PwC Securities analysis

20. On the basis that the assessed value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis is greater than our valuation range for a Share on a minority interest basis immediately post the assumed issue of the Placement Shares, and under the assumption that Shareholder approval is gained in respect of both the Existing Indika Options and for the proposed issue of the Share Options, we consider that it is not fair.

The Issue of Shares to a substantial Shareholder and Increase of Voting Power of the Indika Group is reasonable

21. In accordance with RG111.12, if a transaction (offer) is considered to be fair it is also considered to be reasonable. However, a transaction may also be considered to be reasonable, if despite not being considered fair, the expert considers that there are sufficient reasons for the relevant security holders to vote in favour of the proposed transaction, in the absence of a superior proposal.

22. A number of qualitative issues are generally considered in assessing reasonableness. These issues broadly comprise:

- whether the proposal includes a premium for control;
- the likely consequences for the Non-associated Shareholders if the proposal is accepted;
- the likely consequences for the Non-associated Shareholders if the proposal is not accepted; and
- the likelihood of another funding proposal arising that is on better terms than under the current proposal from the perspective of the Non-associated Shareholders.

23. We consider Resolution 1 to be reasonable for the following reasons.

The Share Placement supports Nusantara's ability to advance the development of and meet its commitments in relation to the Project

24. On 13 December 2019, Nusantara announced an A$11 million share placement to new and existing institutional and sophisticated investors. The Share Placement of 10.5 million shares to Indika Mineral forms part of this placement and is subject to Shareholder approval. The Company also announced a SPP for eligible Shareholders.

25. If the Non-associated Shareholders vote to approve the Share Placement to Indika Mineral, the funds raised will:

- assist the Company with advancing the Project as well as be used for general working capital purposes;
- allow Nusantara to maintain an active exploration program and to consider the exercise of an option to cancel the third-party royalty over the Project; and
- be sufficient to meet the Company's stage 1 commitments to take the Project to Final Investment Decision (**FID**).

26. However, if the Non-associated Shareholders decide not to vote in favour of the Share Placement to Indika Mineral, it may adversely impact on Nusantara's ability to advance the Project in accordance with its strategy leading to potential delays in reaching development stage, Nusantara will be unable to fund its share of Project development costs without raising new capital and it may adversely impact the Company's ability to take advantage of opportunities which may arise.

The Share Placement is at the same price as the recent placement to new and existing Shareholders and at the same price as the recent share purchase plan

27. The Share Placement of 10.5 million shares to Indika Mineral forms part of the recent placement of 32 million Shares and is therefore at the same price of A$0.34 per Share which applied to new and existing institutional and sophisticated investors. The price represented a discount of 8% to the last traded price of the Shares prior to the trading halt of 11 December 2019 in advance of the announcement and a 15% and 13% discount to the volume weighted average price (**VWAP**) over the five and 15 trading days respectively prior to 11 December 2019.

28. The recent SPP allowed existing eligible Shareholders to subscribe for up to A$30,000 worth of Shares each in Nusantara at the same price of A$0.34 per Share.

29. Therefore, the proposed Share Placement to Indika Mineral is raising funds at the same price as was offered to other Shareholders and investors.

The Share Placement is at a price which is above the price at which Nusantara Shares have recently traded

30. The VWAP of Nusantara over the period since the announcement of the Share Placement on 13 December 2019 to 17 March 2020 is A$0.29 and the Shares have traded in a range between A$0.22 and A$0.35 per Share during that period. We note the low end of this range reflects heightened market volatility relating to COVID-19. Therefore, the Share Placement is at a price which is at the upper end of the range at which Shares have recently traded.

Indika Energy will not materially increase its interest in Nusantara as a result of the Share Placement

31. Prior to the announcement of the Placement and SPP, Indika Energy held a 21.0% interest in Nusantara. This interest was diluted to 18.5% as a result of the Placement and SPP. However, on receiving requisite Shareholder approval for its participation in the Placement and completion of that participation, Indika Energy's interest will increase to 22.7% and it is therefore not materially increasing its interest in Nusantara, notwithstanding that the assessment of the Share Placement is required to be carried out 'as if' it is a control transaction.

If all of the Existing Indika Options and Share Options are exercised, Indika Energy's interest in Nusantara will increase to a maximum of 34.5%, in the absence of any other changes in the capital structure of the Company

32. If the Existing Indika Options are exercised, and in the absence of any other changes in the capital structure of the Company, the Indika Group's interest in Nusantara will increase from 22.7% (post Share Placement) to 28.6%. As under the Corporations Act there is a minimum threshold of 75% of shareholder votes required to pass a 'special resolution', the increased interest in Nusantara resulting from the conversion of the Exiting Options (and also where the proposed Share Options are issued and assumed to be converted to Shares) would mean the Indika Group could potentially vote to block a special resolution.

33. If the Petrosea Share Options and Indika Energy Share Options are issued and subsequently exercised (and if the Existing Indika Options are exercised and the Placement Shares are issued), and in the absence of any other changes in the capital structure of the Company, the Indika Group's interest in Nusantara will further increase to 34.5%. It is likely that the increase in the Nusantara Share price which gives rise to these options being 'in-the-money' (and therefore exercised by Petrosea and Indika Energy (or its nominee)) may also give rise to the exercise of at least some of the other 30,377,073 Nusantara options on issue which will dilute the Indika Group's interest. We note that if all of the other options are assumed to vest and be exercised into Shares, this would decrease the Indika Group's interest from 34.5% to 30.7% (assuming no other Shares are issued or options issued and exercised).

The Existing Indika Options, Petrosea Share Options and Indika Energy Share Options are exercisable at Nusantara share prices which are above, and in some cases significantly greater than, the current Share price

34. The Existing Indika Options have an exercise price of A$0.35 per Share, the Petrosea Share Options have an exercise price of A$0.45 per Share and the Indika Energy Share Options have an exercise price of A$0.61 per Share. Therefore, the exercise prices on these options are higher, and in the case of the Petrosea Share Options and Indika Energy Share Options, significantly higher than Nusantara's current Share price. These options will only rationally be exercised in the event that the shareholding interests of other Shareholders are worth more than they are at current Share prices, notwithstanding the dilutionary impact on a percentage Shareholding interest basis.

Indika Energy's direct investment in Nusantara and the proposed issue of the Share Options are part of a broader funding arrangement, including bringing an Indonesian investor into the Project, securing an equity partner to co-fund its development and attracting debt funding for the Project

35. In December 2018, Nusantara announced that it had attracted a strategic Indonesian cornerstone investor, being Indika Energy, who, through its subsidiary Indika Mineral, was to acquire a 19.9% interest in Nusantara at A$0.23 per share. Indika Mineral was also issued with options (the Existing Indika Options) with an exercise price of A$0.35 per share as part of the fundraising arrangement.

36. The funds were to be applied by the Company in advancing the development of the Project through optimisation studies, near-mine exploration, preparatory work for project construction, advancing project financing and for general working capital requirements.

37. Nusantara and Indika Energy entered into agreements to define an ongoing strategic relationship which would be focused on advancing the financing and development of the Project and made provision for the Indika Group to acquire a direct interest in the Project.

38. The proposed participation by Indika Energy in the Share Placement reflects Indika Energy's ongoing commitment to its investment in Nusantara. The Proposed Transactions, which includes the issue of the Petrosea Share Options and Indika Energy Share Options, is consistent with the intention that the Indika Group would participate directly in the Project. The ability of Nusantara and the Indika Group to meet their capital commitments to fund the stage 1 development of the Project will assist in attracting debt financing. Therefore, both the Share Placement and the Proposed Transactions, are in line with Nusantara's stated strategy for the development of the Project.

If Resolution 1 is not accepted, the Nusantara Share price may be adversely impacted

39. If the Share Placement and the conversion of the Existing Indika Options, together with the proposed issue and conversion of the Petrosea Share Options and the Indika Energy Share Options is not approved we consider that the Share price of Nusantara could be adversely impacted, having regard to:

    - the perceived impact on the ability of Nusantara to be able to solely fund its share of the Project;
    - the inability to proceed with the Proposed Transactions (equity investment by Indika Mineral into PT Masmindo) on the agreed terms, which require the issue of the Petrosea Share Options and Indika Energy Share Options (unless such conditions are waived); and
    - the associated potential impact on securing essential debt funding for the Project development and associated impacts on the overall development timeframe.

40. We have also considered the potential disadvantages to the Non-associated Shareholders if Resolution 1 is approved but consider that the benefits to the Non-associated Shareholders outweigh the potential disadvantages. A summary of the potential disadvantages considered includes:

    - The potential increased Shareholding of the Indika Group (if the Existing Indika Options are exercised and converted to Shares and if the proposed Share Options and are issued and exercised and converted to Shares) may be deemed to result in increased influence without a control premium having been paid, for instance with regard to the potential ability of the Indika Group to block a special resolution which requires 75% approval; and
    - Existing Shareholders' interests will be diluted upon potential exercise of the Share Options, albeit conversion will mean the Share price has increased considerably from the current traded Share price.

41. After consideration of the aforementioned factors, in our opinion the advantages of the Share Placement and conversion of the Existing Indika Options together with the proposed issue and potential conversion of the Share Options outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Share Placement and conversion of Existing Indika Options, together with the proposed issue and potential conversion of the Petrosea Share Options and Indika Energy Share Options is reasonable to the Non-associated Shareholders.

Resolution 1 - Opinion

42. On the basis that the assessed value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis is greater than our valuation range for a Share on a minority interest basis immediately post the assumed issue of the Placement Shares, and under the assumptions that Shareholder approval is gained in respect of both the Existing Indika Options and for the proposed issue of the Share Options, we consider that it is not fair.

43. However, despite being considered not fair, we consider that the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options is reasonable on the basis that there are sufficient reasons for the Non-associated Shareholders to approve the issue of the Placement Shares and the potential increased voting power of the Indika Group upon the potential conversion of the Existing Indika Options and the Share Options, in the absence of a superior proposal.

44. We do not consider it appropriate to assess Resolution 1 as if the Proposed Transactions have occurred as the Share Placement and Proposed Transactions are not conditional ie Resolution 1 is not conditional on Resolution 2, and the Share Placement will take place, if approved, even if the Proposed Transaction does not. Notwithstanding this, we have considered the impact on our opinion if Resolution 1 was assessed assuming the potential divestment of an interest in PT Masmindo to Indika Mineral has occurred and we do not consider that this would alter our opinion.

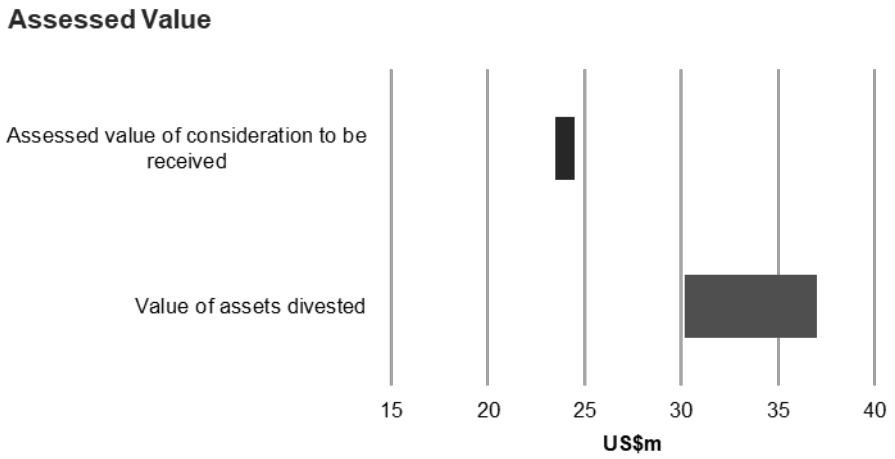
Resolution 2 – *The Partial Divestment of Asset is Not Fair but Reasonable*

The Partial Divestment of Asset is not fair

45. To assess the fairness of the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral, we have considered the value of assets divested by Nusantara and compared this to the assessed value of consideration to be received.

46. We have assessed the value of the assets divested to be in a range of US$30.2 to US$37.0 million with a preferred value of US$33.3 million.

47. We have assessed the value of the consideration to be received to be US$24.0 million.



Source: PwC Securities analysis

48. On the basis that the assessed value of the consideration received is less than the assessed value of the assets divested, we consider that the Proposed Transaction is not fair.

The Partial Divestment of Asset is reasonable

49. In accordance with RG111.12, if a proposed transaction or offer is considered to be fair it is also considered to be reasonable. However, an offer may also be considered to be reasonable, if despite not being considered fair, the expert considers that there are sufficient reasons for the relevant security holders to accept the offer, in the absence of a superior proposal.

50. A number of qualitative issues are generally considered in assessing reasonableness. These issues broadly comprise:

- whether the proposal includes a premium for control;
- the likely consequences for the Non-associated Shareholders if the proposal is accepted;
- the likely consequences for the Non-associated Shareholders if the proposal is not accepted; and
- the likelihood of another funding proposal arising that is on better terms than under the current proposal from the perspective of the Non-associated Shareholders.

51. We consider the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral to be reasonable for the following reasons.

Indika Mineral's investment in PT Masmindo is part of a broader funding arrangement including bringing an Indonesian investor into the Project and securing an equity partner to co-fund development

52. In December 2018, Nusantara announced that it had attracted a strategic Indonesian cornerstone investor, being Indika Energy, who through its subsidiary Indika Mineral, was to acquire a 19.9% interest in Nusantara at A$0.23 per share and was issued with options (the Existing Indika Options) with an exercise price of A$0.35 per share as part of the fundraising arrangement.

53. The funds were to be applied by the Company in advancing the development of the Project through optimisation studies, near-mine exploration, preparatory work for project construction, advancing project financing and for general working capital requirements.

54. Nusantara and Indika Energy entered into agreements to define an ongoing strategic relationship which would be focused on advancing the financing and development of the Project and made provision for the Indika Group to acquire a direct or indirect interest in the Project.

55. The Proposed Transactions which include the potential divestment of up to a 40% interest in PT Masmindo to Indika Mineral are consistent with the intention that the Indika Group would participate directly in the Project investment and is therefore in line with Nusantara's stated strategy for the development of the Project.

Most cost effective option relative to available funding alternatives identified as part of a strategic review

56. Nusantara explored a range of options to secure a strategic partner for the Project over a 12-month process and engaged with a number of potential investors as part of the finance raising process which resulted in Indika Energy becoming Nusantara's preferred Indonesian strategic partner to support its development of the Project. Refer to section 1 of this report for more details.

57. The other major Shareholders of Nusantara are supportive of the aforementioned funding strategy together with the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral, therefore the terms of the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral have been negotiated on an arm's length basis.

58. Further, we are not aware of any alternative proposals which may provide a greater benefit to the Non-associated Shareholders at the date of this report.

The value of the Project implied by the consideration is consistent with the value implied by the Nusantara share price

59. Whilst we have assessed the value of what Nusantara is giving up (which largely comprises the assessed 40% value of the Project) to be greater than the consideration to be received, we note that the consideration paid is consistent with the value of the Project implied by the market capitalisation of Nusantara post the announcement of the Proposed Transactions.

60. This indicates that the value of the Project to Nusantara as reflected in its share price is at a discount to the Project's fair market value due to Nusantara's inability to sole fund the Project and its reliance on securing a partner to co-invest and to assist with securing the required additional bank debt financing. The purchase consideration under the proposed divestment reflects that the Indika Group is helping to provide a funding solution for the Project and therefore does not reflect the value of this benefit which it is bringing to the Project (and ultimately to the Shareholders of Nusantara through Nusantara's retention of a 60% interest in PT Masmindo).

The Proposed Transactions provide greater certainty regarding the ability to fund the equity component of the stage 1 development which should assist in attracting requisite debt funding for the development of the Project

61. The ability of Nusantara and Indika Mineral to meet their respective capital commitments to fund the stage 1 development will assist in attracting required debt financing.

62. To the extent that debt financing is secured, and Project development ensues, this will allow Nusantara to realise the funded value of its remining 60% interest in the Project compared to the current discounted value of its 100% interest in the unfunded Project.

If the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not accepted, the Nusantara share price may be adversely impacted

63. If the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not approved we consider that the Share price of Nusantara could be adversely impacted, having regard to the perceived ability of Nusantara to be able to solely fund a 100% equity interest in the Project and the potential impact on securing debt funding for the Project.

64. We have also considered the potential disadvantages to the Non-associated Shareholders if the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is approved but consider that the benefits to the Non-associated Shareholders outweigh the potential disadvantages. A summary of the potential disadvantages considered includes:

- A direct investment by Indika Mineral of a 40% interest in the Project along with the FEED (and potentially the EPC) work being carried out by Petrosea and Indika Energy's interest in Nusantara may be deemed to result in increased influence without a control premium having been paid;
- Indika Mineral may realise value from the Project which would otherwise accrue to existing Shareholders 'but for' Nusantara's inability to sole finance the development of the Project; and
- The staged structure of Indika Mineral's proposed investment in the Project means its Stage 2 Project Equity Investment is not certain and it provides optionality to Indika Mineral to consider the project status, and its circumstances and position prior to proceeding. Notwithstanding this, Nusantara will control the Project and the activities which are carried out towards progressing the Project to FID and the interests of Indika Mineral and Nusantara are aligned in terms of realising the value of their respective interests in the Project through its development.

65. After consideration of the aforementioned factors, in our opinion the advantages of the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is reasonable to the Non-associated Shareholders.

Resolution 2 - Opinion

66. On the basis that the assessed value of the consideration received is less than the assessed value of the assets divested, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not fair.

67. However, despite being considered not fair, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is reasonable on the basis that there are sufficient reasons for the Non-associated Shareholders to approve the proposed divestment, in the absence of a superior proposal.

Resolution 3 – Grant of Share Pledge by Salu Siwa is Fair and Reasonable

The Grant of Share Pledge by Salu Siwa is fair

68. On the basis that the security can only be enforced to the extent that the associated value of shares in PT Masmindo to be secured is equal to the amount of the outstanding Stage 1 Deferred Payment (including any accrued and unpaid interest), we consider that the proposed Share Pledge grant is consistent with normal financing arrangements and is therefore fair.

The Grant of Share Pledge by Salu Siwa is reasonable

69. In accordance with RG111.12, if an offer is considered to be fair it is also considered to be reasonable.

70. We also consider that the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is reasonable on the basis that it forms part of the broader Proposed Transactions and we refer to reasonableness considerations which have been considered in the previous section and which are considered to also apply to the proposed Share Pledge:

- the Share Pledge associated with the Stage 1 Deferred Payment is part of a broader funding arrangement including bringing an Indonesian investor into the Project and securing an equity partner to co-fund the development;
- the Proposed Transactions, which incorporate the Stage 1 Deferred Payment to which the Share Pledge relates, provides greater certainty regarding the ability to fund the equity component of the stage 1 development which should assist in attracting necessary debt funding for the development of the Project; and
- If the Proposed Transactions, which incorporate the Stage 1 Deferred Payment to which the Share Pledge relates, are not accepted, the Nusantara share price may be adversely impacted.

71. We have also considered the potential disadvantages to the Non-associated Shareholders if the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is approved, mainly that Indika Energy could acquire a controlling 60% interest in the Project in the event that the Share Pledge was enforced, however, this would be in the event that the Project was not successful in securing debt financing and PT Masmindo was unable to meet any payments in relation to the proposed FEED work to be carried out by Petrosea.

72. After consideration of the aforementioned factors, in our opinion the advantages of the proposed Share Pledge grant outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the granting of the Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is reasonable to the Non-associated Shareholders.

Resolution 3 – Opinion

73. On the basis that the security can only be enforced to the extent that the associated value of shares in PT Masmindo to be secured is equal to the amount of the outstanding Stage 1 Deferred Payment (including any accrued and unpaid interest), we consider that the proposed Share Pledge grant is consistent with normal financing arrangements and is therefore fair.

74. On the basis that the Share Pledge is considered to be fair, we also consider it to be reasonable.

Other matters

75. In preparing this IER, we have had regard to the Corporations Act and RG111, RG112 *Independence of experts* and Australian Professional and Ethical Standard (**APES**) 225 *Valuation Services*.

76. The decision to accept or not to vote in favour of the Resolutions subject to this IER is a matter for individual Shareholders based on each Shareholder's view as to value, their expectations about future market conditions and their particular circumstances including risk profile, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from Shareholder to Shareholder. If in any doubt as to the action they should take in relation to the Resolutions subject to this IER, Shareholders may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist in this assessment.

77. This IER has been prepared solely for the benefit of the Independent Directors of Nusantara and for the benefit of the Non-associated Shareholders. Neither PwC Securities nor its employees, officers and agents undertake responsibility to any person, other than the Directors of Nusantara or the Non-associated Shareholders, in respect of the IER, including any errors or omissions howsoever caused.

78. Nusantara has indemnified PwC Securities, PricewaterhouseCoopers (**PwC**) and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Nusantara, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

79. Our assessment was completed using available information as at 24 March 2020.

80. A draft of this report (excluding our opinions) was provided to the Directors of Nusantara for factual checking on 7 February 2020, an updated draft report was provided to Nusantara on 27 February 2020 and a final draft report was provided to Nusantara on 24 March 2020. Although there were a number of factual corrections, no changes to our opinion arose as a result of these reviews.

This letter must be read in conjunction with the remainder of this IER, including the appendices attached.

Yours faithfully

Paul Hennessy
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Table of contents

1 Overview of the Proposed Transactions and Placement

Overview of the Proposed Transactions and Placement

Background

81. In December 2017, Nusantara announced to the ASX that it had begun an extensive process to find a suitable Indonesian national group to become a joint venture / investment partner in the Project. The process was undertaken over three stages: identification, engagement and assessment of potential partners; provision of financial information and due diligence by preferred partners; and the submission and review of investment proposals.

82. A number of potential investment partners were identified and engaged with initially prior to the announcement that the Company had reached agreement with the Government of Indonesia on several amendments to the Project Contract of Work (**CoW**) in March 2018. This amended CoW confirmed that the Company had sole rights to explore and exploit any mineral deposits within the CoW area until 2050 but that a 51% interest had to be divested to an Indonesian party by the 10th year of production from the CoW date, at fair market value according to international practice.

83. The tenure certainty secured through the amended CoW facilitated the advancement of discussions with potential debt providers which reinforced the need for the Company to secure a suitable Indonesian partner for the Project.

84. The release of the DFS in October 2018 resulted in the accumulation of sufficient information to enable potential partners to evaluate the Project and provided a basis for more formal engagement with potential strategic partners. The Company appointed advisers to assist in the process and site visits were arranged with a number of interested parties, and formal proposals were sought.

85. Towards the end of this process, Indika Energy made a direct investment in Nusantara via a share placement, taking a 19.9% stake through Indika Mineral in December 2018 and the strategic partner process was suspended.

86. Attracting Indika Energy as its preferred strategic Indonesian partner for the project facilitated more advanced discussions with potential lenders for the necessary debt project finance and in March 2019 the Company received indicative term sheets from a number of potential lenders and the Company appointed an external adviser to consider alternative funding options, including optimal debt sizing and equity requirements.

87. This extensive review period culminated in December 2019 with the announcement of the Potential Transactions. The Directors consider that the Proposed Transactions provide Shareholders with a pathway through to development of the Project with a reputable Indonesian partner which will ultimately unlock the underlying Project value for shareholders.

The Proposed Transactions

88. Nusantara announced on 9 December 2019 that it had entered into a non-binding term sheet with the Indika Group concerning several inter-related agreements to assist with financing the development of the Project whereby amongst other matters, Indika Mineral will acquire a direct equity interest in PT Masmindo of up to 40% for an investment of up to US$40 million (being the Project Equity Investment).

89. We have provided an overview of the Proposed Transactions below, for more details please refer to the Explanatory Statement and the ASX announcements made by the Company on 9 December 2019, 26 February 2020 and 24 March 2020.

The Project Equity Investment

90. The Project Equity Investment is proposed in two stages:

- an initial tranche of US$15 million (to be paid into PT Masmindo) for a 25% equity interest in PT Masmindo (being the Stage 1 Project Equity Investment). Notably, the Stage 1 Project Equity Investment is subject to a number of conditions, including:
  - the Company investing US$6 million towards the Project (US$2.4 million in respect of the termination of 50% of a third-party royalty attached to the Project and US$3.6 million for "*other Project Company purposes which may include, among others, project team formation and exploration programs.*");
  - the Company obtaining Shareholder approval to grant the Petrosea Share Options (exercisable at A$0.45 per Share) and the Indika Energy Share Options (exercisable at A$0.61 per Share); and
  - the Company obtaining Shareholder approval relating to the potential issue of Shares from the future exercise of the Petrosea Share Options (first tranche of three million options only which vest on the approval of the decision to mine and expire 1 July 2022) together with the 16,693,711 Existing Indika Options granted to Indika Energy pursuant to the subscription agreement dated 12 December 2018, exercisable on, or before, 30 November 2020 at A$0.35 per Share; and
- following the completion of the Stage 1 Project Equity Investment, Indika Energy also has the right, but not the obligation, to subscribe for an additional 15% direct interest in PT Masmindo for a further US$25 million (being the Stage 2 Project Equity Investment). The Stage 2 Project Equity Investment is also subject to a number of other conditions, including:
  - the Company investing a further US$4 million towards the Project (US$2.5 million in respect of the termination of the remining 50% of a third-party royalty attached to the Project and US$1.5 million for "*other Project Company purposes which may include, among others, project team formation and exploration programs.*");
  - FID in respect of the Project; and
  - the Company obtaining requisite Shareholder approval for:
    - the implementation of the Proposed Transactions, including approval for the entry into the EPC contract with Petrosea (if awarded) and the related security arrangements contemplated under the EPC contract and the Stage 2 Deferred Payment terms (if applicable), in each case as necessary; and
    - in relation to the potential future issue of Shares to Petrosea on the potential future exercise of the Petrosea Share Options (second tranche of seven million options only which vest upon the entry into the EPC Contract and achieving commercial production of the mine within 110% of original contracted price and expire on 1 July 2024) and on the issue of shares to Indika Energy (or its nominee) on the potential future exercise of the Indika Energy Share Options (which are to be issued upon entry into the Stage 2 Project Equity Investment and expire on 1 December 2022).

Petrosea Contracts and associated Deferred Payments

91. Further, under the terms of the Proposed Transactions, the Company has agreed to appoint Petrosea as the primary contractor for the Project, being responsible for the FEED contract and the EPC contract (subject to being awarded). We have been informed by the Company that the terms of the EPC contract will be on an arm's length basis, providing no special benefit to either Petrosea or to the wider Indika Group.

92. The non-binding term sheet agreed that the FEED contract contain the terms and conditions typically included in such contracts for the appointment of an experienced and professional contractor to undertake FEED services on an arms-length basis for a mining project of a similar nature and scale as the Project. PT Masmindo will own all designs and other materials developed by Petrosea during the FEED services. The terms of the FEED contract were subsequently agreed between the parties and announced to the ASX on 24 March 2020.

93. Should Petrosea be appointed as the EPC contractor, it will enter into an EPC contract with PT Masmindo, the terms of which are to be negotiated between Petrosea and PT Masmindo prior to the completion of the Stage 2 Project Equity Investment and subject to:

- PT Masmindo not entering into negotiations with any competing engineering EPC contractor during the period prior to the agreed date for completion of the FEED;
- PT Masmindo appointing a steering committee to control, supervise and advise on the appointment of the EPC contractor;
- PT Masmindo appointing an independent engineering consulting firm to undertake a benchmarking exercise to advise PT Masmindo on the terms of the proposed EPC Contract in circumstances where third party finance will be required; and
- Petrosea will be appointed as the EPC Contractor for the mine provided that the following conditions are satisfied (which may need to be satisfied simultaneously):
  - Petrosea has satisfactorily completed FEED (from the perspective of quality, cost and time);
  - Petrosea and PT Masmindo have agreed the terms (including price) of the EPC Contract; and
  - third party financiers have not raised any valid objections to the appointment of Petrosea as the EPC Contractor.
- If any of the above conditions are unable to be satisfied, the Board of Directors of the Project Company will be at liberty to engage an alternative appropriately experienced and professional EPC contractor for the Project.

94. Under the terms agreed and being proposed:

- Petrosea is to provide PT Masmindo with deferred payment terms equivalent to the amount to be paid by PT Masmindo to Petrosea for the FEED services under the FEED Contract of up to US$15 million with 9% interest (being the Stage 1 Deferred Payment Terms) secured against up to 20% of the ordinary shares of PT Masmindo held by Salu Siwa (being the Share Pledge); and
- subject to approval by PT Masmindo, under the proposed EPC Contract Petrosea may have the right, but not the obligation, to provide PT Masmindo additional deferred payment terms of up to US$30 million on such terms to be agreed between Petrosea and PT Masmindo (being, the Stage 2 Deferred Payment Terms).

95. Nusantara and Indika Energy will collaborate on seeking third party and mezzanine debt finance and subject to the parties entering into a binding and definitive agreement, it is contemplated that repayment of the Stage 1 Deferred Payment Terms shall be made from the proceeds of the third-party financing.

96. Accordingly, the Stage 1 Deferred Payment Terms are to be repaid, and the associated security arrangements proposed thereunder discharged, concurrently with the provision of third-party financing.

Exclusivity

97. The Company and PT Masmindo have agreed to negotiate with Indika Energy on an exclusive basis with respect to the proposed Project Equity Investments until completion of the Stage 2 Project Equity Investment. Deadline for the Stage 2 Project Equity Investment is 31 December 2021, after which Indika Energy forgoes any continuing rights to undertake the Stage 2 Project Equity Investment however, the Company and Indika Energy may by mutual agreement extend the exclusivity period.

98. The exclusivity period shall be automatically extended due to any unforeseen Project delays outside the control of the parties which adversely impact or hinder consideration of the Stage 2 Project Equity Investment.

The Placement

99. Subsequent to the announcement of the Proposed Transactions, on 13 December 2019 the Company announced an A$11 million capital raising by way of a private placement of 32,039,706 new Shares to sophisticated and professional investors at A$0.34 cents per Share (being the Placement) together with a share purchase plan offer to existing Shareholders at the same price per Share to raise up to $2 million (with the option to accept oversubscriptions for a further $1 million).

100. As part of the Placement, Indika Mineral subscribed for 10,500,000 Shares subject to Shareholder approval. The subscription was under a Subscription Agreement on the following terms:

- 10,500,000 Shares will be issued by the Company to Indika Mineral at $0.34 per Share subject to Shareholder approval;
- settlement is within 5 business days of Shareholder approval being obtained; and
- both parties provide warranties and representations customary for an agreement of this nature.

2 Scope of Independent Expert's Report

Scope of Independent Expert's Report

101. The Independent Directors of Nusantara have engaged PwC Securities to provide this IER on certain aspects of the Proposed Transactions and the Placement to Indika Mineral pursuant to Section 611 item 7 of the Corporations Act and ASX Listing Rule 10.1, setting out whether, in its opinion, certain aspects of the Proposed Transactions and the Placement to Indika Mineral are fair and reasonable to the Non-associated Shareholders and to state reasons for these opinions.

Section 611 item 7 of the Corporations Act

102. Section 606 of the Corporations Act prohibits a person acquiring a relevant shareholding in a listed company if, as a result of the acquisition, that person's (or their Associates) voting power in the company increases from 20% or below, to more than 20%, or from a starting point that is above 20% and below 90%.

103. There are various exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides an exemption where the acquisition is approved by a resolution passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their Associates are not able to cast a vote on the applicable resolution(s).

104. Therefore, under section 611 item 7 of the Corporations Act for Indika Group's relevant interest (Voting Power) in Nusantara to be allowed to be increased from below 20% to over 20%, or between 20% and 90% it is ASIC policy (under RG 111) that the transaction should be considered as if it was a takeover bid for the purposes of an IER provided to Shareholders that assesses whether the issue of Shares and increase in voting power described above is "fair and reasonable" to the Non-associated Shareholders.

105. Specifically, Nusantara requires Shareholder approval under section 611 item 7 of the Corporations Act in respect of:

- the acquisition of 10.5 million Shares by Indika Mineral under the Placement (the subject of Resolution 1 of the Notice of Meeting). On issue of the Placement Shares the Indika Group's interest in the Company would increase from 18.5% to 22.7%;
- the potential acquisition of Shares by the Indika Group upon conversion of 16,693,711 existing options over Shares held by Indika Mineral exercisable at A$0.35 per Share on, or before, 30 November 2020 (the Existing Indika Options). The potential future exercise and conversion of all of the Existing Indika Options would increase the Indika Group's interest in the Company from 22.7% to 28.6% (assuming no other Shares are issued); and
- the potential conversion of the Indika Energy Share Options and Petrosea Share Options (together, the Share Options) in accordance with the Proposed Transaction (the subject of Resolutions 4 and 5 of the Notice of Meeting). If the aforementioned options are exercised, the Indika Group's interest in Nusantara would increase from 28.6% to 34.5% (assuming no other Shares are issued or options exercised);

  (collectively the subject of Resolution 1 of the Notice of Meeting).

ASX Listing Rule 10.1

106. The IER has also been prepared to fulfil the requirements of Listing Rule 10.1 for the acquisition of shares by Indika Mineral in PT Masmindo (the subject of Resolution 2 of the Notice of Meeting) and also for the grant of the Share Pledge over certain PT Masmindo shares held by Salu Siwa (the subject of Resolution 3 of the Notice of Meeting).

107. In summary:

- Nusantara has conditionally agreed to issue Indika Mineral up to 40% of the shares in PT Masmindo (the holder of the Project) in two tranches for total cash consideration of US$40 million. The first tranche comprises an initial investment of US$15 million (to be paid into PT Masmindo) for a 25% equity interest in PT Masmindo (being the Stage 1 Project Equity Investment). Following the completion of Stage 1, Indika Mineral also has the right, but not the obligation, to subscribe for an additional 15% interest in PT Masmindo for a further US$25 million (being the Stage 2 Project Equity Investment); and
- Nusantara (through its wholly owned subsidiary Salu Siwa) will grant Petrosea a Share Pledge over 20% of the shares on issue in PT Masmindo held by Salu Siwa to secure the Stage 1 Deferred Payment arrangements under the FEED contract.

108. ASX Listing Rule 10.1 provides that shareholder approval is required where an entity proposes to dispose of or agrees to dispose of a "substantial asset" to (amongst other parties):

- a related party;
- a substantial shareholder (holding 10% or more of the shares in the entity); or
- an Associate of either of the above.

109. A "substantial asset" includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX. Nusantara's total equity interests as at the 31 December 2019 financial statements was $43,467,935 meaning an asset is substantial if its value, or the value of the consideration being paid or received for it, is at least $2,173,396. Therefore, Shareholder approval is being sought pursuant to Listing Rule 10.1 for Indika Mineral (as a related party and substantial Shareholder) to acquire up to 40% of the shares in PT Masmindo as these have a total value in excess of $2,173,396;

110. The ASX also deems the granting of a security interest over an asset to be a disposal of that asset. Accordingly, Shareholder approval is required under Listing Rule 10.1 for Salu Siwa to grant Petrosea a Share Pledge over 20% of the shares on issue in PT Masmindo held by Salu Siwa to secure the Stage 1 Deferred Payment arrangement under the FEED contract, as these shares could have a total value in excess of $2,173,396.

111. Under ASX Listing Rule 10.1, Shareholders must be provided with an IER stating whether the proposed acquisition of a 40% interest in the Project by Indika Mineral (conversely the disposal of a 40% interest in the Project by the Company) is fair and reasonable to the Non-associated Shareholders.

112. In addition, this IER also considers whether the potential for Petrosea to enforce the proposed security over shares in PT Masmindo as proposed under the Stage 1 Deferred Payment is fair and reasonable to the Non-associated Shareholders.

Summary of Opinions being Sought

113. The opinions being sought and provided in this IER are in respect of:

i) Resolution 1 of the Notice of Meeting - Issue of Shares to Substantial Shareholder and Increase of Voting Power of the Indika Group, comprising:

- the proposed issue of 10.5 million Shares at $0.34 per Share to Indika Mineral (being the Placement Shares);
- the potential acquisition of 16,693,711 Shares by the Indika Group upon conversion of the Existing Indika Options held by Indika Mineral; and
- the potential conversion of the Share Options proposed to be issued by the Company to Indika Energy (or its nominee) (being the Indika Energy Share Options) and to Petrosea (being the Petrosea Share Options) in accordance with the Proposed Transactions.

ii) Resolution 2 of the Notice of Meeting – Partial Divestment of Asset, being

- that PT Masmindo issues fully paid ordinary shares to Indika Mineral, such that Indika Mineral will acquire up to 40% of the shares on issue in PT Masmindo on the terms and conditions set out in section 1 of this IER and as detailed in the Explanatory Statement.

iii) Resolution 3 of the Notice of Meeting – Grant of Share Pledge by Salu Siwa, being:

- the Company's wholly owned subsidiary Salu Siwa grants Petrosea a security over 20% of the shares on issue in PT Masmindo held by Salu Siwa, on the terms and conditions set out in section 1 of this IER and as detailed in the Explanatory Statement.

114. The Share Placement and Proposed Transactions are not conditional on each other. Therefore, the aforementioned Resolutions are not conditional however, we note that they are interrelated in that the granting of a Share Pledge pursuant to Resolution 3 and the proposed issue of the Share Options (Resolutions 4 and 5, for which no opinion is being sought), which contribute to a component of the increase in voting power considered by Resolution 1, will only actually be undertaken if the proposed partial divestment of PT Masmindo to Indika Mineral (Resolution 2) is approved by the Shareholders.

Our approach

115. We have prepared this IER for the purpose of stating, in our opinion, whether or not certain aspects of the Proposed Transactions and the Placement to Indika Mineral are considered fair and reasonable to the Non-associated Shareholders, and to set out our reasons for these opinions. This report has been prepared in accordance with the Corporations Act and ASIC RG111.

116. RG111 discusses the separate concepts of "fair" and "reasonable" to be applied by an independent expert assessing an offer. An offer is regarded as "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. An offer is "reasonable" if it is "fair" or despite not being "fair", but after considering other significant factors, Shareholders should accept the offer in the absence of any higher bid before the close of the offer.

117. RG111.11 requires that the assessment of fairness of a control transaction assumes 100% ownership of the target, irrespective of whether the consideration is made by way of scrip or cash, and therefore reflects ASIC's underlying philosophy that the premium for control of a company subject to a takeover be shared by all members of that company.

118. Accordingly, our assessment of the value of a Share prior to the proposed issue of the Placement Shares, potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options is on a controlling interest basis and our assessment of the value of a Share immediately post the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options is on a minority interest basis.

119. In assessing fairness, we use the following definition of fair market value:

"the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe".

120. In evaluating the reasonableness of certain aspects of the Proposed Transactions and the Placement to Indika Mineral, we have considered whether the advantages afforded to the Non-associated Shareholders in approving Resolution 1, Resolution 2 and Resolution 3 of the Notice of Meeting outweigh the potential disadvantages, the likelihood of an alternate funding proposal on better terms being received by the Company and the likely position of Shareholders if the Resolutions are not approved.

Sources of information

121. In preparing this report, we have used and relied on the information set out in Appendix B and representations made by Nusantara.

122. We have conducted checks, enquiries and analyses of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld by Nusantara. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of Nusantara in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.

123. The information pertaining to the Project provided to us by Nusantara includes the latest development plans and costs together with the latest life of mine production forecasts and associated cost assumptions (including the definitive feasibility study (**DFS**)) (the **Project Information**). In reviewing the Project level cash flow forecasts and other forward looking information provided to us, we have taken into account and relied on the review of the Project Information carried out by a technical expert, CSA Global Pty Ltd (**CSA**).

124. In addition, there are mineral resources outside of the Project (as currently modelled) held by PT Masmindo on which additional work is required to identify potential and / or future development options. Accordingly, we have relied on assessments of the value of these exploration assets by CSA.

125. The achievement of prospective financial information prepared by Nusantara has been relied on by PwC Securities for the purposes of our assessment and is not warranted or guaranteed by us. This information is based on predictions of future events, many of which are outside the control of management, and is therefore inherently uncertain. Actual results and outcomes may differ materially from the forward looking information provided to us and reflected in this report.

126. Our assessment has been made as at the date of our report. Economic conditions, market factors and changes in exploration or development potential may result in the report becoming outdated. We reserve the right to review our assessments and, if we consider it necessary, to issue an addendum to our report, in the light of any relevant material information which subsequently becomes known to us prior to the proposed General Meeting.

127. All value amounts in the report are denominated in Australian dollars (**A$**) or United States dollars (**US$**) unless otherwise stated. Financial tables may be subject to rounding.

128. We have provided a draft copy of this IER to the Directors of Nusantara for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. The review by Directors has not caused us to change our methodology or conclusions herein.

Reliance on Technical Expert

129. CSA was engaged to provide a technical expert's report for use and reliance by us in the preparation of our IER (**Independent Technical Specialists' Report).** CSA considered the robustness of key technical and related cost assumptions supporting the latest Project development and life of mine production forecasts together with an assessment of the value of the resource outside of the Project held by PT Masmindo. CSA's assessment has been carried out in accordance with the Australian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets (the **Valmin Code**) and Joint Ore Reserves Committee (**JORC**).

130. We are satisfied that:

- CSA has appropriate qualifications, industry experience and competence to conduct its assessments;
- CSA is independent of Nusantara and the Indika Group;
- the methodologies used in its valuations are consistent with generally accepted industry practice; and
- the Independent Technical Specialists' Report contains sufficient information to support the conclusions drawn.

131. The Independent Technical Specialists' Report is attached at Appendix I to our report and should be read in conjunction with our report.

General advice

132. In preparing this report, we have considered the interests of the Non-associated Shareholders taken as a whole. This report contains only general financial product advice and does not consider the personal objectives, financial situation or needs of individual Shareholders. An individual's decision in relation to accepting or not accepting the Proposed Transaction may be impacted by the individual's particular circumstances and Shareholders may wish to obtain personal financial product advice from their financial adviser.

Scope exclusions

133. This report has been prepared solely for the purpose of assisting the Non-associated Shareholders to consider whether or not to approve Resolution 1, Resolution 2 and Resolution 3 of the Notice of Meeting. This report has not been prepared to provide information to parties considering the purchase or sale of securities in Nusantara. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this report contrary to the provisions of this paragraph.

3 Overview of Nusantara and PT Masmindo

Profile of Nusantara

134. Nusantara is an exploration and mining development company that was incorporated on 9 May 2011 and subsequently listed on the ASX via an initial public offering (**IPO**) in August 2017, raising A$16.2 million at A$0.42 per Share. Nusantara is currently headquartered in Perth, Western Australia. Nusantara's principal asset is the Awak Mas Gold Project (being the Project) in Sulawesi, Indonesia held by its 100% owned subsidiary PT Masmindo. In addition to the Project, PT Masmindo also holds several near-mine prospects contained on the CoW.

135. Nusantara's major Shareholders comprise Lion Selection Group Limited (**Lion Selection**) (23.4%), Indika Group (18.5%) and AustralianSuper Pty Ltd (**AustralianSuper**) (14.7%).

- Indika Energy is a leading Indonesian integrated energy company, listed on the IDX since 2008. Indika Energy (through Indika Mineral) has invested in Nusantara since December 2018;
- AustralianSuper is Australia's largest superannuation fund and has invested in Nusantara since its IPO in 2017. As a long-term investor, AustralianSuper aims to reduce the impact of volatility of any strategy or asset class by diversifying within or across asset classes; and
- Lion Selection is an investment company listed on the ASX in 1997, focusing on junior mining and exploration companies and provides a long-term investment view to the high-risk/high-reward junior mining sector. Lion Selection has invested in Nusantara since its inception.

Company history

136. We have listed below a summary of key events in Nusantara's history since listing on the ASX:

Year	Key Event
2017	• Nusantara Energy listed on the ASX on 2 August 2017, raising A$16.2 million at A$0.42 per Share. Investors in the IPO included Lion Selection Group, AustralianSuper and a subsidiary of leading Hong Kong-listed gold producer Zhaojin Mining Industry Company • Resource Drilling at the Project commences • Landmark memorandum of understanding (**MOU**) signed with State-owned power utility Perusahaan Listrik Negara for the future supply of grid power to the Project • DFS for the Project commences • Budget for exploration drilling in the prospective area between Awak Mas and Salu Bulo was approved by the Board • 32.5 million Loyalty Options were issued in November 2017 pursuant to the IPO (1 option for every 3 Shares held exercisable at A$0.42/share on or before 14 November 2018) • Nusantara announced that it had commenced a process to engage with a strategic partner for the planned development of the Project. The intent of this process was to introduce a reputable Indonesian national group to become a joint venture partner in the Project

Year	Key Event
2018	• February 2018 the Project mineral resource estimate increased to 2.0 million ounces of gold • Company reached agreement with the Government of Indonesia on several amendments to the CoW, improving certainty of tenure and which included the requirement that a 51% interest had to be divested to an Indonesian party by the 10th year of production from the CoW, at fair market value according to international practice • June 2018, Nusantara announced a non-renounceable entitlement issue offer of 5 fully paid ordinary Shares for every 19 Shares held at an issue price of $0.20 per Share to raise up to A$5.1 million before costs, together with 1 free attaching option for every 2 Shares subscribed for (each option exercisable at $0.30 on or before 31 July 2020) • Ore reserve increased by 11% to 1.1 million ounces of gold contained (September 2018) • Completion of the DFS for the Project confirming a robust, long-life and low risk project, (ASX announcement 4 October 2018) • Nusantara commenced a subsequent phase of exploration work focusing on the identification of near-mine prospects with the potential to increase Project life • Following the completion of the DFS, in December 2018 Nusantara attracted a strategic Indonesian cornerstone investor for the Project. On completion of a A$10.25 million capital raising (at A$0.23 per Share), Indika Energy, through its wholly owned subsidiary Indika Mineral, obtained a 19.9% interest in Nusantara and existing Shareholder, AustralianSuper, increased its shareholding to 14.0%. In addition, Indika Mineral and AustralianSuper were also issued options on a 1 for 2 basis pro-rata to their Share subscriptions. These options are exercisable at A$0.35 on or before 30 November 2020
2019	• Post DFS metallurgical test work was completed • Appointment of Mr Neil Whitaker as new Chief Executive Officer with effect from 26 August 2019 • Nusantara announced it had secured the right to extinguish the third-party (net smelter returns) royalty over the Project through a payment of US$0.1 million and the issue of approximately 0.67 million Shares. 50% to be extinguished through a payment of US$2.4 million by giving notice prior to 30 April 2020 and the remaining 50% through the payment of a further US$2.5 million by giving notice prior to 30 April 2021 • Indika Energy to invest up to US$40 million into Nusantara's wholly owned subsidiary PT Masmindo to acquire up to a 40% equity interest (ASX announcement 9 December 2019) • Successful A$11 million capital raise at A$0.34 per Share to fund Project development (13 December 2019). The announcement also included notice of the Company's intention to offer eligible Shareholders the right to participate in a SPP at a price of $0.34 per Share to raise up to approximately A$2 million

Source: Nusantara ASX Announcements, Company Presentations

Overview of key assets

Awak Mas Gold Project

137. The Project contains a large gold resource and future development is assisted by access to suitable infrastructure and support of the local community. A DFS was completed in October 2018, confirming a low cost and long-life Project. The DFS disclosed a mineral resource of 2.0 million ounces and an initial ore reserve of 1.1 million ounces which supports an 11 year operation delivering approximately 100,000 ounces of gold per year. Please refer to the Independent Technical Specialists' Report attached as Appendix I of this IER for more details regarding the mineral assets held by Nusantara through PT Masmindo.

138. We have shown a summary of Ore Reserve Estimate for the Project in the table below:

Ore Reserve	Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Awak Mas	Probable	24.1	1.28	0.99
Salu Bulo	Probable	2.8	1.67	0.15
Total	**Probable**	**26.9**	**1.32**	**1.14**

Source: Nusantara ASX release dated 13 September 2018

139. CSA has been engaged to consider the market value of the mineral resource outside of the DFS mine plan. We have shown a breakdown of the residual mineral resource held by PT Masmindo in the table below:

Area	Classification	Current Mineral Resources		FS mine plan inventory		Mineral Resources outside DFS mine plan	
		Tonnes (Mt)	Ounces (Moz)	Tonnes (Mt)	Ounces (Moz)	Tonnes (Mt)	Ounces (Moz)
Awak Mas	Indicated	36.4	1.6	24.1	1.0	12.3	0.6
	Inferred	3.1	0.1	0.8	0.0	2.3	0.1
	Subtotal	**39.5**	**1.7**	**24.9**	**1.0**	**14.6**	**0.7**
Salu Bulo	Indicated	2.9	0.2	2.8	0.2	0.1	0.0
	Inferred	0.6	0.0	0.3	0.0	0.3	0.0
	Subtotal	**3.6**	**0.2**	**3.1**	**0.2**	**0.4**	**0.0**
Tarra	Inferred	2.3	0.1	-	-	2.3	0.1
Total	**Indicated**	**39.3**	**1.8**	**26.9**	**1.1**	**12.4**	**0.6**
	Inferred	**6.0**	**0.2**	**1.1**	**0.0**	**4.9**	**0.2**
	Total	**45.3**	**2.0**	**28.0**	**1.2**	**17.3**	**0.8**

Source: Independent Technical Specialist' Report

140. CSA is of the opinion that the mineral resources at Awak Mas and Salu Bulo which currently reside outside the DFS mine plan have low potential for future extraction (based on the existing mineral resource and DFS cost estimates and gold price), primarily due to the geometry of the mineralisation and the very significant volume of additional waste that would be required to be removed to access these resources.

141. The inferred mineral resource in respect of Tarra is considered to have a higher value per ounce than the Awak Mas and Salu Bulo resources not included in the DFS mine plan, However, CSA also note that the mineral resource at Tarra is inferred only and therefore the resource estimate is subject to a greater level of uncertainty.

Historical profit and loss

142. The reported consolidated operating performance of Nusantara for the three financial years (**FY**) ended 31 December 2017, 31 December 2018 and 31 December 2019 is summarised in the table below:

Consolidated Income Statement (US$ '000)	FY17 Audited	FY18 Audited	FY19 Audited
Employee and Directors' benefits expense	(759.4)	(698.9)	(1,088.0)
Share based remuneration	(269.4)	(368.3)	(169.5)
Professional fees and consultants	(504.6)	(586.1)	(587.3)
Other expenses	(553.1)	(632.0)	(479.7)
Write off of fixed assets	(102.9)	-	-
EBITDA	**(2,189.5)**	**(2,285.3)**	**(2,324.4)**
Depreciation and amortisation	(51.6)	(61.0)	(119.8)
EBIT	**(2,241.1)**	**(2,346.3)**	**(2,444.2)**
Net interest income / (expense)	0.2	3.1	45.4
(Loss) / Profit before income tax	**(2,240.9)**	**(2,343.2)**	**(2,398.8)**
Income tax expense	-	-	-
Net (loss) / profit for the period*	**(2,240.9)**	**(2,343.2)**	**(2,398.8)**

Source: Nusantara Annual Financial Reports
**Before non-cash movements in foreign currency translation reserves*

143. In relation to the historical consolidated financial performance of Nusantara, we note:

- Nusantara capitalises expenditure relating to exploration and evaluation (which principally pertains to the Project) 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;
- Nusantara established an 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. Expenses from equity settled share-based payment transactions for FY17 and FY18 was US$0.3 million and US$0.4 million, respectively; and
- Nusantara spent a total of US$2.3 million in FY19 on employee and director related costs and share based remuneration together with professional fees relating to capital raisings and other corporate expenditure. We note that this level of expenditure was consistent with the amount incurred in FY18 and FY17.

Statement of cash flows

144. The consolidated cash flow statements of Nusantara for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 is summarised in the table below:

Consolidated Statement of Cash Flows (US$ '000)	FY17 Audited	FY18 Audited	FY19 Audited
Cash flows from Operating Activities			
Interest income	0.2	3.1	45.4
Payments to suppliers and employees	(2,308.1)	(1,863.9)	(2,179.8)
Net cash provided by operating activities	**(2.307.9)**	**(1,860.8)**	**(2,134.4)**
Cash flows from Investing Activities			
Purchase of PP&E	(166.8)	(36.0)	(130.1)
Payments for exploration expenditure	(2,575.8)	(7,228.0)	(4,636.7)
Net cash (inflow)/outflow from investing activities	**(2,742.6)**	**(7,264.0)**	**(4,766.8)**
Cash flows from Financing Activities			
Proceeds from issue of shares	12,935.7	8,886.5	7,462.3
Payment for share issue expenses	(1,201.9)	(295.9)	(257.8)
Loan proceeds from related body corporate	790.0	-	-
Net cash outflow from financing activities	**12,523.8**	**8,590.5**	**7,204.5**
Net (decrease)/increase in cash and cash equivalents	**7,473.4**	**(534.3)**	**303.3**
Cash and cash equivalents at the beginning of the financial year	**106.3**	**7,433.7**	**6,364.3**
Effects of exchange rate changes on cash	(146.0)	(535.0)	(110.6)
Cash and cash equivalents at end of year	**7,433.7**	**6,364.3**	**6,557.0**

Source: Nusantara Annual Financial Reports and Company analysis

145. We have broken down the reported exploration costs for the three financial years ended 30 December 2017, 31 December 2018 and 31 December 2019 in the table below:

Exploration Expenditure & Evaluation Costs (US$ '000)	FY17 Audited	FY18 Audited	FY19 Audited
Awak Mas	3,070.6	7,014.3	4,049.8
Trade Creditors	-	(96.2)	(8.6)
Accruals	(752.8)	187.0	472.6
Provisions	257.9	122.9	122.9
Total Exploration Expenditure	**2,575.8**	**7,228.0**	**4,636.7**

Source: Nusantara Annual Financial Reports and Company analysis

146. Exploration expenditure and evaluation costs over the historical period included:

- exploration expenditure in FY17 related to a drilling program comprising 67 diamond drill holes to target areas of unclassified gold mineralisation and upgrading inferred resource mineralisation across the Awak Mas and Salu Bulo deposits. During the year, the Company also commenced the DFS into the proposed development of the Project;

- Nusantara's FY2018 exploration expenditure of US$7.0 million focussed on the Project DFS. US$2.1 million related to work conducted to upgrade mineral resources and deliver an ore reserve together with costs associated with developing and maintaining the exploration team and advancing the wider Contract of Work exploration program;

- the completed DFS in October 2018 resulted in costs incurred of US$3.1 million relating to expert consultants and Nusantara's own costs. The remaining US$1.8 million related to maintaining site operations (including camp facilities) and the Jakarta administration activities (including maintaining tenure arrangements and advancing permitting and approvals); and

- Nusantara spent a total of U$4.0 million in FY19 on exploration expenditure for the Project in respect of a 3-hole drilling program at near mine target Puncak Seletan, an exploration bench program advanced in the planned Project in the Rante domain, surface sampling at Puncak Utara and Kandeapi, a geophysics program at Salu Bulo and systematic drill testing of the Awak Mas Pit north-eastern extension.

147. Proceeds from the issue of shares over the historical period included:

- FY17 - Nusantara listed on the ASX on 2 August, raising A$16.2 million at A$0.42 per Share (US$12.9 million) from the issuance of 38,560,220 Shares;

- FY18 - a total of US$8.9 million (before costs) was raised through the issue of a total of 56,273,072 Shares:

  – A$5.1 million was raised through an entitlement issue announced on 5 June 2018 through the issue of 25,665,910 Shares at A$0.20 each and was used to support the DFS, the strategic partner process and fund ongoing exploration. In addition, 17,784,308 options were issued and listed on the ASX, as a result of this entitlement issue (exercisable at A$0.30 on or before 31 July 2021);

  – on 12 December 2018, Nusantara entered a subscription agreement with Indika Energy for a A$7.0 million placement of 30,607,162 Shares at A$0.23 per Share. On completion of this capital raising, Indika Energy through Indika Mineral, obtained a 19.9% interest in Nusantara; and

  – as part of the above placement, options were issued to Indika Mineral on a 1 for 2 basis (exercisable at A$0.35 on or before 30 November 2020), resulting in the issue of 16.7 million options (being the Existing Indika Options).

- FY19 - a total of US$7.5 million (before costs) was raised through the issue of a total of 36,354,917 Shares:

  – shareholder approval was obtained on 23 January 2019 in respect of the 11,190,895 Shares issued to AustralianSuper and a further 2,780,260 Shares were issued to Indika Energy at A$0.23 per Share (to maintain a 19.9% interest), in total raising US$2,279,883 (A$3,213,366) before costs;

  – in respect to the above, options were issued to AustralianSuper on a 1 for 2 basis (exercisable at A$0.35 on or before 30 November 2020), resulting in the issue of 5.6 million options;

  – on 4 November, Nusantara issued 666,667 shares at A$0.29 to the holder of the net smelter royalty to acquire an option to extinguish the royalty over the Project;

  – following the issue of aforementioned shares, Indika Energy exercised its anti-dilution right to subscribe for 177,389 shares at A$0.29; and

  – on 13 December 2019, Nusantara announced a share placement of approximately 32 million shares at A$0.34 to a number of high quality new and existing institutional and sophisticated investors, 10.5 million share of which relate to the Placement Shares.

148. Nusantara has also announced the following capital raising activities in the second half of 2019:

- On 9 December 2019, Nusantara announced the Proposed Transactions, which include the proposed Project Equity Investment (being the direct investing in PT Masmindo by Indika Mineral of up to US$40 million for up to a 40% interest in the Project) to provide Project funding; and
- On 13 December 2019, Nusantara announced it had commitments to raise A$11 million via an equity placement (at A$0.34 per Share) to new and existing institutional and sophisticated investors (being the Placement) together with a SPP for eligible Shareholders. The announcement stated that Indika Energy was supportive of the Placement and subject to Shareholder approval, would commit to take 10.5 million shares at A$0.34 per share for A$3.57 million (being the Placement Shares).

Statement of financial position

149. The financial position of Nusantara as at 31 December 2018 (audited), 31 December 2019 (audited) is set out in the following table:

Consolidated Statement of Financial Position (US$ '000)	31 December 2018	31 December 2019
Cash and cash equivalents	6,364.3	6,557.0
Trade and other receivables	171.7	391.0
Total current assets	**6,536.1**	**6,948.0**
Property, plant and equipment	79.0	80.5
Exploration and evaluation expenditure	32,936.7	36,986.5
Right-of-use lease asset	-	40.9
Other assets	52.7	61.5
Total non-current assets	**33,068.4**	**37,169.4**
Total assets	**39,604.4**	**44,117.4**
Trade and other payables	(935.7)	(570.1)
Provisions - current	(65.4)	(37.3)
Lease liability	-	(42.1)
Total current liabilities	**(1,001.2)**	**(649.5)**
Lease liability	-	-
Total non-current liabilities	**-**	**-**
Total liabilities	**(1,001.2)**	**(649.5)**
Net assets	**38,603.2**	**43,467.9**

Source: Nusantara Annual Financial Reports

150. A discussion of Nusantara's key balance sheet items is set out below:

- cash on hand of US$6.4 million as at 31 December 2018 increased slightly to US$6.6 million as at 31 December 2019 due to US$7.2 million capital raised in FY19, partially offset by US$6.9 million operating and investing cash outflows (of which US$4.6 million relates to exploration and evaluation expenditure);
- the increase in the exploration and evaluation expenditure is due to the capitalisation of costs incurred in relation to the Project; and
- working capital balances have been incurred in the ordinary course of business with a net negative balance reflecting the Project being at the pre-development stage.

Capital structure

Ownership

151. As at 18 March 2020, Nusantara had a market capitalisation of $49.9 million and the issued capital of Nusantara comprised 192.0 million ordinary Shares at A$0.26 per Share.

152. The top 10 Shareholders include the three significant Shareholders - the Indika Group, Lion Selection and AustralianSuper. Outside of the three largest Shareholders, the next top seven Shareholders only hold approximately 12.1% of the outstanding Shares in Nusantara.

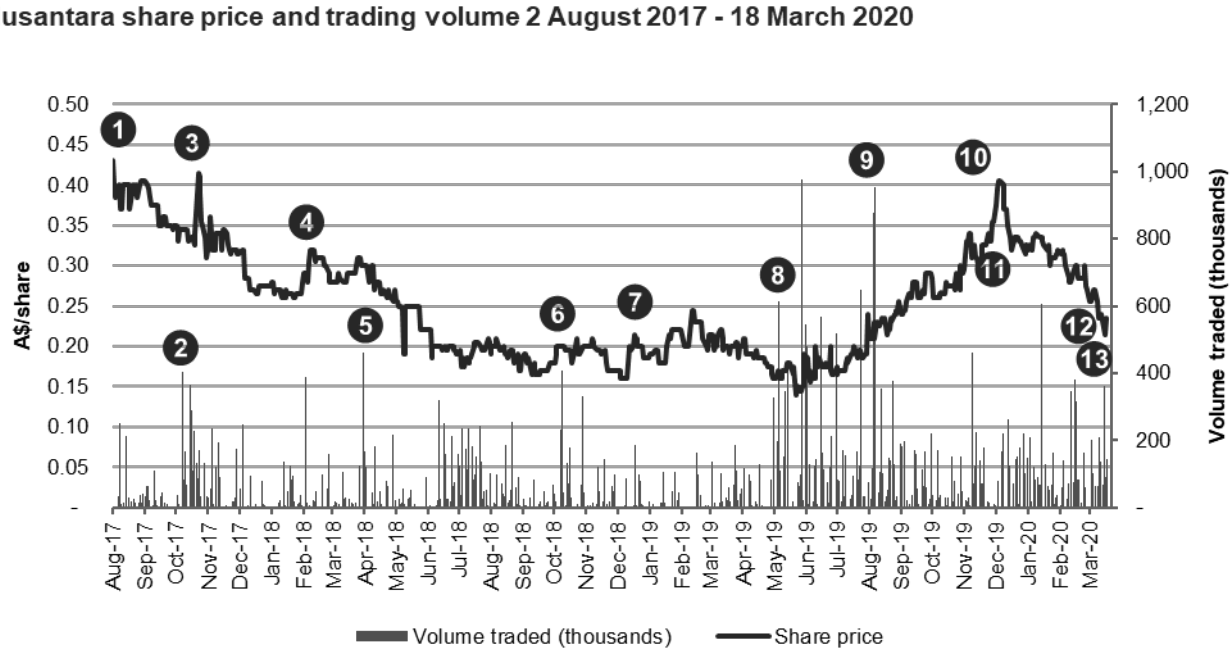
153. The top 10 Shareholders and their respective holdings (as at 5 February 2020) are set out in the table below:

Rank	Holder	Shares (millions)	% held
1	Lion Selection	44.9	23.4%
2	Indika Mineral (33.4 million) & Indika Energy (2.0 million)	35.4	18.5%
3	AustralianSuper	28.3	14.7%
4	Macquarie Bank Limited	5.0	2.6%
5	BNP Paribas Nominees Pty Ltd	4.3	2.2%
6	Silver Pine Capital Limited	3.6	1.9%
7	Rentzos Executive Pty Ltd	3.1	1.6%
8	Rentzos Investment Pty Ltd	3.0	1.6%
9	Mr Richard Thomas Hayward Daly & Mrs Sarah Kay Daly	2.4	1.2%
10	Mr Gavin Bradley	2.0	1.0%
Top 10 shareholders		**131.9**	**68.7%**
Remaining shareholders		60.1	31.3%
Total		**192.0**	**100.0%**

Source: Nusantara Share Register, as at 5 February 2020

Recent share price analysis

154. The chart below illustrates the movement in the price of Nusantara Shares over the period from 2 August 2017 to 18 March 2020 together with historical volumes traded and notes key influencing items:



Key influencing items			
1	**Nusantara lists on the ASX**	2 August 2017	Nusantara successfully completes its IPO raising A$16.2 million at A$0.42 per Share
2	**Report by Strachan Corporate**	3 October 2017	Research report highlights Nusantara stock is undervalued for the Project
3	**Updated metallurgical test work for the Project**	10 October 2017	Updated metallurgical test work for the Project confirmed potential for improved gold recoveries at the Project
4	**Increased resource estimate and release of December 2017 Quarterly Activities Report**	31 January 2018	Nusantara announced an updated Indicated and Inferred Resource estimate based on 25 holes of a 67-hole program for the Project of a 12% increase in contained gold ounces to more than 1.9 Moz and release of December 2017 Quarterly Activities Report
5	**Amended Contract of Work**	26 March 2018	Amended CoW agreement signed with the Indonesian Government. This amended CoW confirmed that the Company had sole rights to explore and exploit any mineral deposits within the CoW area until 2050 but that a 51% interest had to be divested to an Indonesian party by the 10th year of production from the CoW, at fair market value according to international practice
6	**Release of DFS**	4 October 2018	DFS supports an initial 11-year project producing ~100,000 oz with all approvals in place for development

7	**Secured A$10.25M for a placement at A$0.23 per share**	12 December 2018	Nusantara secured a strategic Indonesian cornerstone investor for the Project. On completion of a A$10.25 million capital raising (at A$0.23 per Share), Indika Minerals, obtained a 19.9% interest in Nusantara and existing Shareholder, AustralianSuper, increased its shareholding to 14.0%. In addition, Indika Mineral and AustralianSuper were issued options on a 1 for 2 basis (exercisable at A$0.35 on or before 30 November 2020)
8	**Positive Project Development & Board/Management changes**	1 May 2019	Announcement regarding positive engagement with banks to provide Project finance Ongoing dialogue for Indika Energy project level investment as pathway to financing the Project Project development team to be established in Indonesia
9	**June 2019 quarterly activities report**	30 July 2019	Post DFS metallurgical test-work increases estimated gold recovery from 90.9% to 93.1% Chief Executive Officer search completed with an appointment anticipated for August Progression with positive financing discussions with Indika Energy and banks
10	**Project funding announcement with the Indika Group**	9 December 2019	Nusantara has entered into a non-binding term sheet with the Indika Group to finance the Project up to US$40 million in project equity plus up to US$40 million in deferred payments
11	**A$11M in firm commitments for a Placement at A$0.34 per share**	13 December 2019	Nusantara announces a successful A$11M equity raise at A$0.34 per Share to fund the Project development strategy. Indika Group to subscribe for 10.5 million shares (subject to Shareholder approval)
12	**Binding project equity agreements executed with the Indika Group**	26 February 2020	Nusantara announces binding shareholders and subscription agreements pursuant to the non-binding term sheet announced on 9 December 2019
13	**Increased global stock market volatility**	March 2020	Increased market volatility due to the COVID-19 pandemic

Source: Capital IQ and ASX Announcements

Liquidity

155. Nusantara's Shares are actively traded, however we note that liquidity is somewhat limited by the significant holding of the top three Shareholders.

Calendar Year	Days Traded	Average Daily Price ($)	Average Daily Volume Traded (millions)	% of Shares Traded Monthly	% of Shares Traded Monthly (exc. Top 3 holders)
2017	82	0.344	0.052	1.2%	2.2%
2018	187	0.225	0.046	0.9%	1.4%
2019	197	0.231	0.082	1.1%	2.2%
2020	47	0.292	0.098	1.2%	2.8%

Source: Capital IQ, PwC Securities analysis

156. The above table presents the trading liquidity of Shares over the past three years. The table presents two metrics, the first outlining the percentage of total Shares traded monthly and the second showing the percentage of Shares traded monthly excluding the top three Shareholders, who hold a combined 56.6% of total Shares. In FY20 year to date, approximately 2.8% of the total Shares were traded on average per month excluding the Shares held by the top three Shareholders.

Options

157. The following table sets out the options outstanding as at 31 December 2019:

Date Issued	Number of Options	Exercise Price (A$)	Expiry Date	Vesting Condition
5 Jun 2018	18,034,307*	$0.30	31 Jul 2020	Vested
14 Nov 2017	472,000	$0.42	2 Aug 2020	Vested
25 Jan 2019	22,289,159	$0.35	30 Nov 2020	Vested
30 May 2019	740,000	$0.61	27 Jul 2021	1/3 will vest when the Company is listed and the 45-day VWAP is 25% above the issue price of A$0.43 One third will vest when a Board decision is reached to commence construction of the processing facility with applicable finance available Remaining third will vest upon commercial production of the project
14 Nov 2017	3,335,318	$0.61	2 Aug 2021	1/3 will vest when the Company is listed and the 45-day VWAP is 25% above the issue price of A$0.43 One third will vest when a Board decision is reached to commence construction of the processing facility with applicable finance available Remaining third will vest upon commercial production of the project
31 May 2019	500,000	$0.35	11 Jul 2022	Vested
31 May 2019	566,610	$0.35	26 Aug 2022	On FID
31 May 2019	1,133,390	$0.42	26 Aug 2022	Commencement of Stage 4 construction as per DFS. 566,610 will vest upon 3 months of commercial production
Total	**47,070,784**			

Source: Company Information
*18,034,307 options expiring on 31 Jul 2020 with an exercise price of A$0.30 are listed on the ASX under the ticker ASX:NUSOA.

158. We note that Indika Mineral holds 16.7 million options exercisable at A$0.35, expiring 30 November 2020 (being the Existing Indika Options) which are part of the 25 January 2019 issue of options. We understand these are the only options currently held by the Indika Group, thereby 30.4 million options are held by parties unrelated to the Indika Group.

159. In addition, we note that the 18,034,307 options expiring on 31 Jul 2020 with an exercise price of A$0.30 are listed on the ASX under the ticker ASX:NUSOA. These options have been listed since 6 July 2018, but have only been traded on less than 20% of trading days. Approximately, 21.6% of these options were traded in 2019, therefore, these options are considered somewhat illiquid.

4 Industry overview

Introduction

160. Gold is a relatively rare, precious metal that has been used for coinage, jewellery and other arts throughout recorded history. In the past, a gold standard was often implemented as a monetary policy, but gold coins ceased to be minted as a circulating currency in the 1930s, and the world gold standard was abandoned for a fiat currency system (where value is backed by the government that issued it) after 1971.

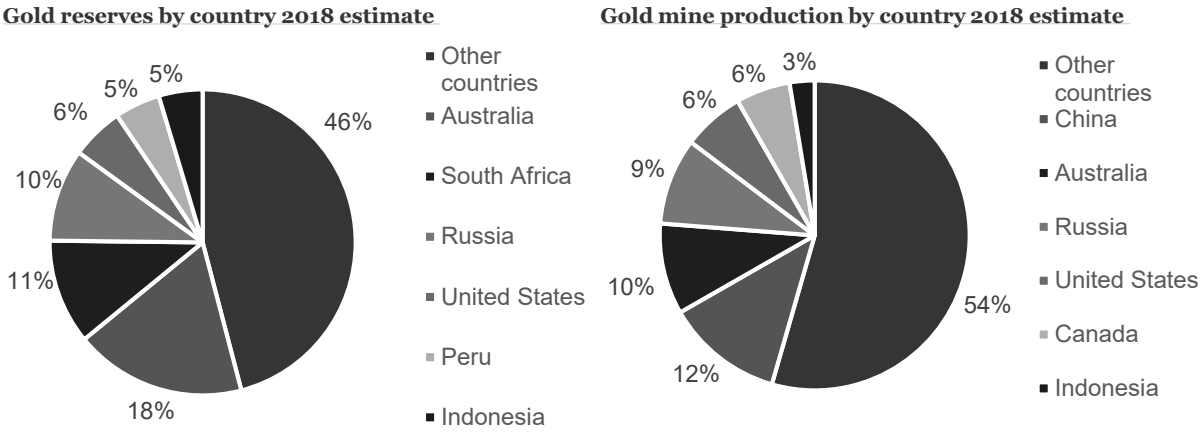
161. Demand for gold, either in ingot form or fabricated into jewellery and coins, generally relates to its traditional role as a store of wealth and investment. Around 60% of gold production is used for jewellery, 40% for investments and 10% in industry.

162. Over the long term, gold can also be used as a hedge against inflation, as the value of gold tends to increase when the value of fiat currency declines. Notably, when economic uncertainty rises, gold tends to maintain or increase in value. Therefore, central banks in most countries include some gold as part of their monetary reserves. China's central bank has significantly increased its gold purchases over the last five years or so.

163. Investment products, such as exchange traded commodity funds, which invest in precious metals including gold, may also hold physical stocks of the metal.

Overview of global reserves and production

164. According to the 2018 US Geological Survey for January 2018, total estimated global gold ore mined for 2018 was approximately 3,261 tonnes. China was the leading global gold producer in 2018, accounting for approximately 12%. Australia, Russia and South Africa collectively hold the largest known global gold reserves, accounting for approximately 39% of global gold reserves.



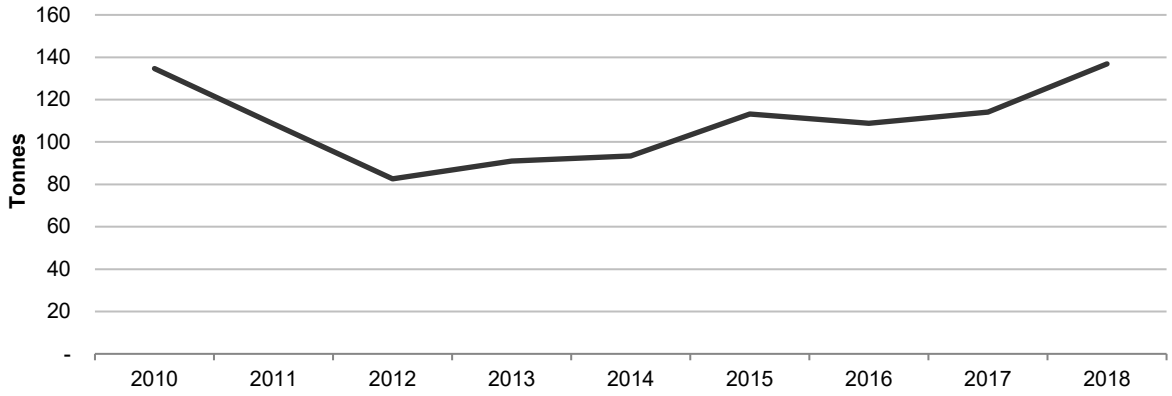
Source: United States Geological Survey 2019

165. According to the United States Geological Survey for January 2018, Indonesia holds 2,500 tonnes of gold, representing 5% of global reserves and accounts for 3% of global gold production.

166. Indonesia produces around 3% of global gold production, half of which originates from the Grasberg Mine, the largest gold mine in the world. The Grasberg mine is majority owned by Freeport-McMoRan Copper & Gold Inc, an American mining company. Currently, the mine employs over 19,500 people in the area.

167. Since 2012, gold production in Indonesia has increased year on year and it is expected that production will increase due to the Grasberg block cave mining ramping up.

Gold production in Indonesia



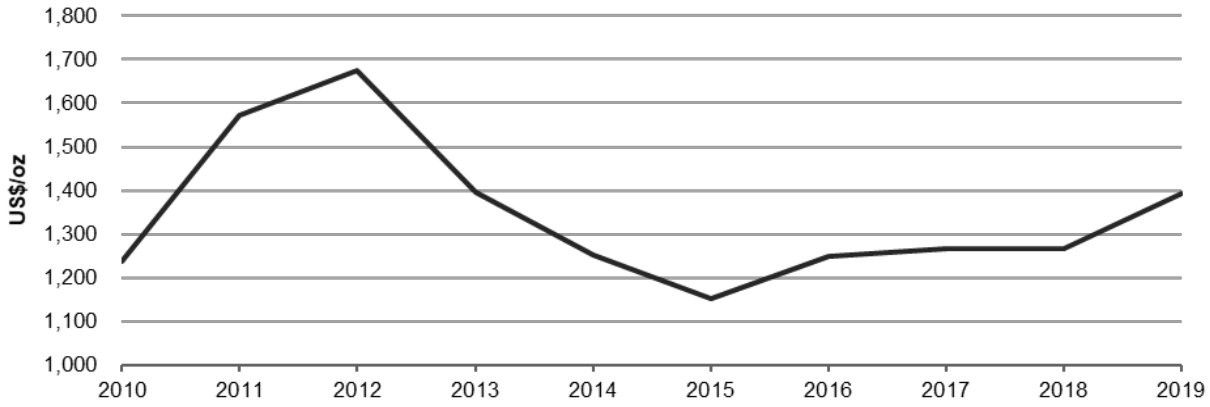
Source: World Gold Council 2019 Report

Gold prices

168. Global demand for gold follows a counter cyclical pattern, therefore in times of strong global gross domestic product there can be a negative impact on gold demand and the industry and mine operators are less likely to commit to new and expansion projects when gold prices are low, which hinders industry growth. However, global economic uncertainty and expectations of higher global inflation have kept global gold prices high by historical standards over the last twelve months or so.

169. As illustrated below, the gold price increased significantly between 2011 and 2012, as uncertainty among investors caused by public debt concerns in the European Union and the United States, kept the price of gold rising.

Historical Gold prices



Source: Bloomberg

170. The gradual decline in the price of gold in 2013 and 2015 was driven by the strengthening of the global economy with the US experiencing positive job growth and Europe enacted measures to mitigate its debt crisis. The price of gold, in turn, fell 15.4% in 2013 and another 10.2% in 2014. A similar trend was observed throughout 2015.

171. The Brexit vote in 2016 exerted downward pressure on historically safe currencies including the US dollar and Japanese Yen, leading investors to revert to gold. The early stages of the US elections brought further uncertainty, causing the gold price to increase.

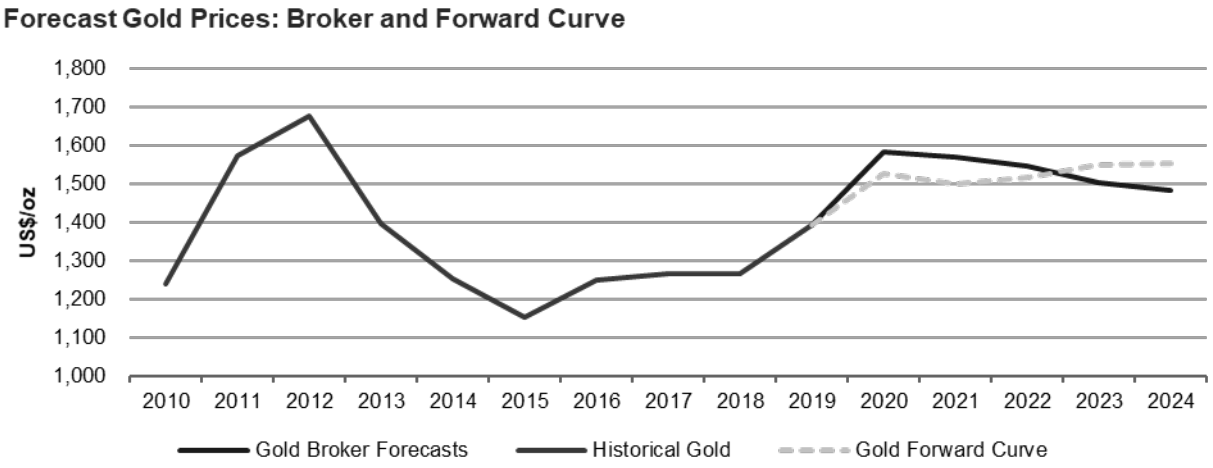
172. Safe haven demand has exerted upward pressure on global gold prices over 2018 and through 2019, as tensions between Western nations and North Korea, trade war fears between the US and China, and ongoing Brexit concerns have led investors to seemingly hold gold rather than investing in capital markets.

173. The recent and current high gold price environment has also led to an upturn in recent M&A activity, including:

- EMR Capital's sale of the Martabe mine in North Sumatra, Indonesia for a reported US$1.2 billion to PT Danusa Tambang Nusantara (unrelated to the Company) in August 2018;
- Northern Star's acquisition of the Pogo underground gold mine in Alaska in August 2018 for US$260 million from Sumitomo joint venture;
- Barrick's merger with Rangold in January 2019;
- Newmont Mining's merger with Goldcorp finalised in April 2019;
- Newcrest Mining's acquisition in March 2019 of a 70% interest in the Red Chris copper - gold mine in British Columbia for US$1.1 billion;
- Resolute Gold's takeover of Toro Gold (which holds the Mako gold project in Senegal) in August 2019 for US$400 million;
- Evolution Gold's acquisition of Red Lake gold mine in Canada for US$375 million in November 2019; and
- Saracen Mineral and Northern Star each acquiring a 50% interest in the KCGM Super Pit in Kalgoorlie, Western Australia (formerly held by Barrick Gold and Newmont Goldcorp) for a combined value of approximately US$1.6 billion in November and December 2019.

174. Gold miners are expected to continue M&A activity in 2020, as majors are looking to M&A as a strategic option to replace reserves, buying up small and medium-sized explorers with predictable cash flow.

175. There are a range of divergent views by analysts on medium-term gold price forecasts, with some views of real gold price forecasts as high as approximately US$1,950 per ounce and some predicting gold prices with low estimates of approximately US$1,100 per ounce. However, there appears to be some consensus of gold prices flattening to US$1,500 per ounce in 2020 and moderating down to US$1,425 per ounce in 2022 with further moderation to around US$1,300 per ounce from 2024 thereafter.



Source: Consensus Economics, Bloomberg

5 Valuation of the Awak Mas Gold Project

Approach

176. We have assessed the value of the Project using an income-based discounted cash flow (**DCF**) valuation approach based on the life of mine production and cash flow forecasts prepared by Nusantara. The DCF valuation method is considered to be the most appropriate valuation approach to assess the value of operating mines and development projects where detailed studies have been completed to justify physical and costs assumptions.

177. We have also undertaken a secondary cross-check to assess the reasonableness of our valuation using resource multiples from recent gold company transactions.

Project Definitive Feasibility Study

178. The Project level cash flows were originally prepared for the DFS completed in October 2018. The objective of the financial analysis undertaken as part of the DFS was to demonstrate the economic viability of the Project, provide support to the Strategic Partner process, support advancing debt discussions, and to enable the Board and Shareholders to plan potential future investment in the Project.

179. Nusantara has led the preparation of the DFS with work undertaken by the following independent consultants:

- Mineral Resources estimates — Cube Consulting Pty Ltd (**Cube Consulting**);
- Ore Reserves, pit optimisation & mine planning, mining geotechnical — AMC Consultants Pty Ltd (**AMC**);
- Metallurgical and mineral processing — Minnovo Pty Ltd (**Minnovo**);
- Tailing Storage, infrastructure geotechnical engineering and hydrology studies — Golder Associates (PT Geotechnical & Environmental Services Indonesia) (**Golder**);
- Engineering and lead consultant — PT Resindo (**Resindo**);
- Environmental and social components — PT Lorax Indonesia (**Lorax**); and
- Capital and operating costs — AMC Consultants, Minnovo and Resindo, with mining costs also benchmarked against information provided by specialist mining contractors.

180. The aim of the DFS was to ensure the technical, engineering, risk, operational readiness and financial aspects of the Project were sufficiently advanced for an investment decision regarding the Project. The DFS is supported by an engineering cost study, which targets a +/- 15% cost estimate.

181. Nusantara also engaged SRK Consulting (Australasia) Pty Ltd (**SRK**) as an independent technical expert to prepare a "Fatal Flaws Review" of the Project. This report concluded that there were no "fatal flaws" with the DFS.

182. The DFS model was subsequently updated following additional metallurgical work carried out by Nusantara to reflect improved recoveries (from approximately 91.0% originally reflected in the DFS to 93.3%) together with higher assumed processing costs (approximately 10% higher than reflected in the DFS).

183. For more details regarding the Project and the DFS please refer to the Independent Technical Specialists' Report in Appendix I of this IER and to the various Company presentations and ASX announcements, including the ASX announcement on 4 October 2018 "*Definitive Feasibility Study Confirms Robust, Long-Life, Low Cost Project*".

184. We have reviewed the Project DFS financial model and considered the model to be suitable to assess the value of the Project for the purposes of this IER. CSA has reviewed and considered the reasonableness of key technical assumptions, including the mineral resource and ore reserve assumptions, development and life of mine production profiles (mining and production rates, grade and recoveries), capital costs, and unit mining and processing cost assumptions. In summary, CSA noted that in its opinion mineral resource and ore reserve definition was robust but that mining costs (including capital) were on the low (optimistic) end of a reasonable range typically observed in a DFS level study of +/-15%, capital cost estimates in respect of piping were low, the ramp up period of initial production was optimistic, and that additional expatriate knowledge should be factored in to the costs. In addition, CSA considered mining and processing capital costs to be towards the low end of a reasonable range. For further details please refer to CSA's Independent Specialists' Report in Appendix I of this IER. We have reflected CSA's findings in our valuation of the Project.

Key Project Assumptions

185. The Project has an ore reserve of 1.1 million ounces within a 2.0 million ounce mineral resource (which includes the Tarra deposit, the value of which has been separately considered by CSA). The mining operation is based on two open pit mines with an initial 11-year life, and a low strip ratio of 3.4. A planned 2.5 Mtpa processing plant will target annual gold production of approximately 100,000 ounces, using a Whole of Ore Leach flowsheet, delivering anticipated Project average recoveries of 93.3% (updated from approximately 91.0%).

Development Capital

186. We have presented below a summary of the DFS development capital cost assumptions:

Area	US$m
Mining Facilities and Contractor Mobilisation	16.8
Processing Plant and Earthworks	49.6
Tailing Storage Facilities	13.0
Infrastructure and Services	13.9
Establishment of Site Support Functions	10.7
Project Execution	17.2
Owner's Cost	11.7
Subtotal Project Capital (excluding contingency)	**132.9**
Contingency	12.6
Upfront Capital Cost Estimate	**145.5**

Source: DFS, Capital costs presented above exclude estimated pre-production mining costs of $15.8m. Pre-production costs are included as a cash outflow for the purpose of the Project valuation.

187. In addition to the upfront capital, the financial model incorporates sustaining capital throughput the life of mine of US$28.9 million and mine closure costs of US$7.4 million. Environmental bonds are treated as a progressive outflow throughout the Project life, being returned in the final year when they offset mine closure outflows.

188. CSA considered the reasonableness of the development capital assumptions and concluded that the capital estimates for the processing plant and earthworks are reasonably based with the exception of only US$0.75 million allocated to piping which it considered to be understated by approximately $2.0 million. However, in its opinion other capital cost assumptions are reasonable in terms of a feasibility study's ±15% accuracy range but at the lower end of what would normally be expected for an operation of this type and location. As such, to assess the value of the project we have increased processing capital costs by $2 million and have increased mine and processing related capital costs by 10%.

Life of Mine Production

189. We have presented below a summary of the physical life of mine assumptions:

Description	Unit	
Life of Mine	Years	11.25
Mine grade	g/t	1.34
Strip ratio (LOM ave, exc. pre-strip)	Waste;Ore	3.4
Recovery (LOM ave, updated from 90.9%)	%	93.3
Gold produced (LOM) (recovery updated)	Ounces	1,094,501
Gold produced (Annual ave) (recovery updated)	Ounces	97,289
Plant throughput (annual)	Mtpa	2.5

Source: DFS, Nusantara, PwC Securities analysis

190. CSA considered the reasonableness of the life of mine production assumptions and concluded that aside from an optimistic ramp up of production in the first year (assumed three months to full production, 91.3% plant availability), the development and life of mine production profile was reasonably based. In our assessment of the value of the Project we have considered the impact of a three and six month delay to production which also reflects a potentially slower (more gradual) ramp up period.

191. In addition, through discussions, CSA also noted that although an assumed recovery of 93.3% was reasonable (based on the updated metallurgical work), there is some downside risk to this assumption and as such we have showed the impact of an assumed lower recovery rate of 91.1%.

Life of Mine Operating Cost Assumptions

192. We have presented below a summary of key operating cost assumptions:

Operating cost per tonne milled, LOM	US$/t
Mining Cost	12.0
Processing Cost (updated)	10.0
General and Administration	3.3
Total cash cost at Mine Site	**25.3**

Source: DFS, Nusantara, PwC Securities analysis

C1 cash costs per ounce, LOM	US$/oz
Mining Cost	306.6
Processing Cost (updated)	257.1
General and Administration	84.4
Total cash cost at Mine Site	**648.1**
Refining and Transport	3.8
CI Cost	**652.0**

Source: *DFS, Nusantara, PwC Securities analysis*

All-in Sustaining Costs (AISC), LOM	US$/oz
C1 Cash Cost	652.0
Royalties (Govt. and 3rd party*) (at US$1,250/oz flat)	71.9
Sustaining Capital	26.4
Corporate and other	15.7
Total AISC	**766.0**

Source: DFS, Nusantara, PwC Securities analysis

**For the purposes of our assessment we have excluded the third party royalty as an agreement has been reached to extinguish that obligation. Our valuation of PT Masmindo and Nusantara includes the cash outflow associated with this agreement.*

193. CSA considered the reasonableness of the life of mine cost assumptions and concluded that the assumed mining costs are reasonable in terms of a feasibility Study's ±15% accuracy range but at the lower end of what would normally be expected for an operation of this type and location. As such, to assess the value of the Project we have increased assumed mining costs by 15%.

194. In respect of processing costs, CSA considered the assumed number of individuals on plant to be reasonable but there may be a need to recruit highly specialised unit operators (at the commissioning and early production stage of the Project). An allowance of three more operators has been incorporated in the valuation in respect of this at A$220,000 per annum per person plus on-costs for a period of 2 years.

Key Economic Assumptions

Gold Price

195. To assess the value of the Project we have considered the range of broker and analyst gold price forecasts as at 17 March 2020 as presented on Bloomberg and as reflected in a commodity forecast price survey complied by Consensus Economics as at 16 March 2020 (latest available as at the date of this report). We have also considered the gold price forward curve as at 17 March 2020 , although less weight has been placed on this in determining a range of appropriate forecast gold prices by which to assess value as the forward curve is not a forecast but is simply the rate at which the market is ready to transact today, for a future date.

196. We have presented a summary table of our analysis below (for more detail please refer to Appendix D of this IER):

17 March 2020 Gold forecast US$/oz real	2020	2021	2022	2023	2024	Long term
High analyst forecast	1,841	1,961	1,826	1,708	1,791	1,700
3rd Quartile	1,635	1,605	1,580	1,519	1,418	1,475
Average analyst forecast	1,574	1,537	1,486	1,415	1,368	1,367
Median analyst forecast	1,561	1,520	1,484	1,366	1,305	1,350
1st Quartile	1,512	1,454	1,371	1,315	1,280	1,240
Low Analyst forecast	1,393	1,348	1,311	1,229	1,109	1,110
Standard deviation of analyst forecasts	88	126	132	138	166	187
Number of Analysts	37	32	26	21	20	11
Forward Curve (real)	1,517	1,470	1,458	1,461	1,435	1,435
Applied Pricing	**1,500**	**1,475**	**1,425**	**1,375**	**1,325**	**1,300**

Source: Bloomberg, Consensus Economics

197. Based on our analysis, we consider a forecast gold price reducing from US$1,500/oz in 2020 to US$1,325/oz in 2024, being broadly similar to the median, to be reasonable together with a long term forecast of US$1,300/oz.

Tax

198. In our assessment of the value of the Project, we have assumed a corporate tax rate of 25%, being the prevailing corporate tax rate applicable to PT Masmindo. We have also allowed for Indonesian withholding tax of 15% on assumed dividend payments based on an assumed level of external Project debt funding.

Discount Rate

199. The discount rate applicable for fair market valuation purposes represents the required market rate of return for capital invested in the company or asset being valued. This means that a company must obtain a sufficient return on its assets to cover the required return to equity and debt holders as reflected by the capital markets.

200. The expected rate of return for invested capital is conventionally derived using the Weighted Average Cost of Capital (**WACC**) approach after considering available market evidence for the company being examined.

201. To assess an appropriate range of discount rates to assess the value of the Project we have observed the betas of a range of comparable gold producing and pre-development companies. Our analysis derived a range of appropriate real discount rates of between 7.5% and 8.5% based on a range of asset betas of between 0.9 and 1.1. Please refer to Appendix E for more details regarding our discount rate analysis.

Other Assumptions

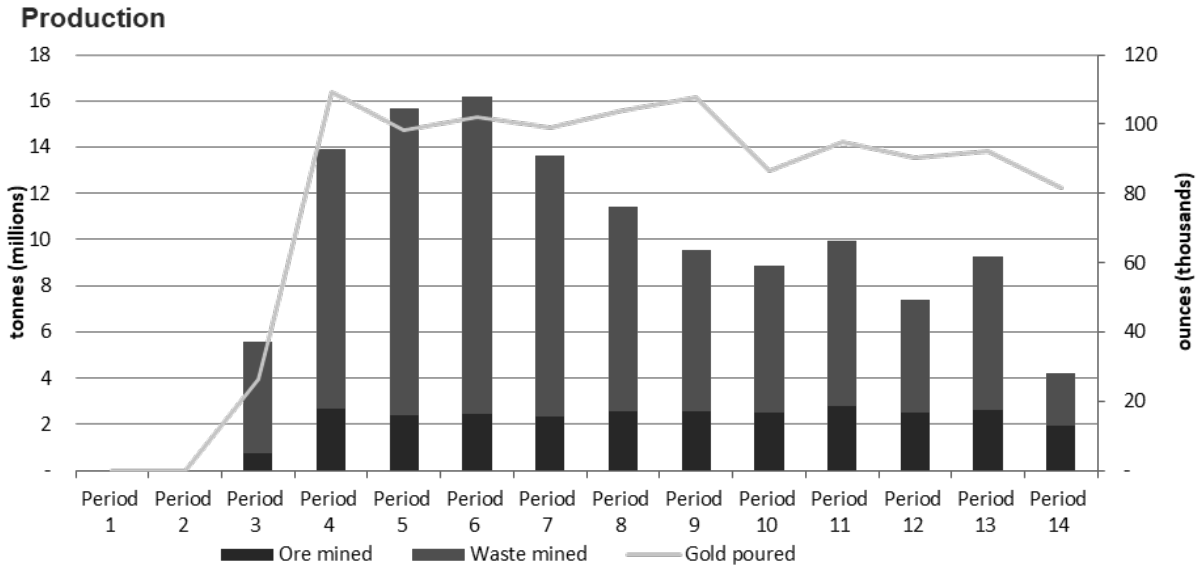
202. The Project is subject to Government royalties. This royalty regime has recently changed in December 2019 from a flat rate of 3.75% to a step basis with royalty rates from 3.75% but increase depending on the prevailing gold price with a maximum royalty rate of 5.0% for gold pricing in excess of US$1,700/oz.

203. Other assumptions included foreign exchange rates to convert costs based in Indonesian Rupiah (**IDR**). The Company employed an IDR:US$ rate of 14,135:1 which compares to current near-term forecast rates of approximately 13,800:1 (a variance of approximately 2%).

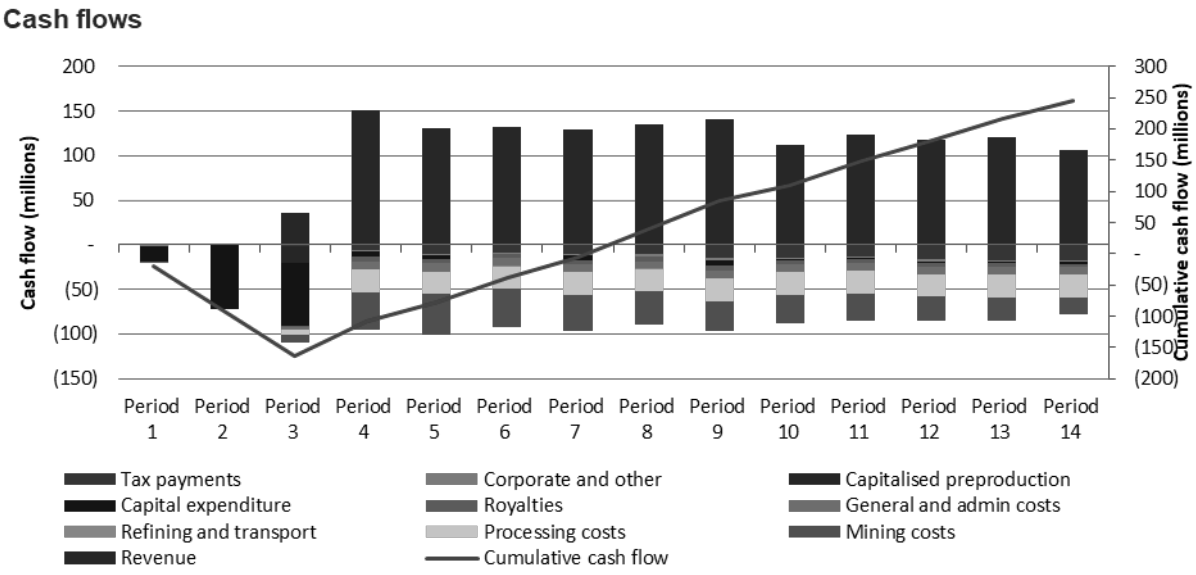
204. As most cost assumptions are denominated in US$ with local services in IDR terms, given the consistency of the rates used in the DFS to current rates and near to medium-term foreign exchange rate assumptions together with the uplift we are applying to mining related operating costs, we do not consider a further sensitivity on the IDR foreign exchange rate to be warranted.

DCF analysis

205. We have shown below a summary of the DCF analysis outputs:



Source: DFS, Nusantara, PwC Securities analysis

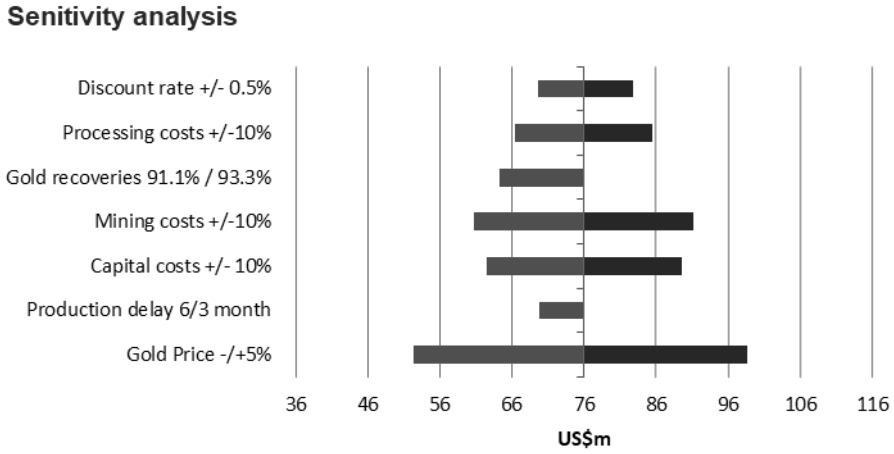


Source: DFS, Nusantara, PwC Securities analysis

206. This analysis derived a 'base case' range of Project values of between US$70.0 million and US$83.2 million (on a 100% interest basis) based on the range of discount rates of between 8.5% and 7.5%.

207. We have also shown the impact on the assessed Project value of further sensitivities, including:
- Discount rate +/- 0.5%;
- Processing costs +/- 10%;
- Gold recoveries 91.1% / 93.3%;
- Mining costs +/-10%;
- Capital costs +/- 10%;
- Production delay 6/3 months; and
- Gold price -/+ 5%.

208. This sensitivity analysis is set out in the chart below:



Source: DFS, Nusantara, PwC Securities analysis

209. As depicted in the graph above we have shown the value impact on the assessed Project value for various sensitivities. The assessed Project value is not overly sensitive to production delays, however it is highly sensitive to movements in the gold price which under the sensitivity applied gives rise to a range of US$52.7 million to US$99.1 million.

210. The table below is a valuation matrix which sets out the different Project values resulting from movements in the discount rates and gold price assumptions. Given the assessed Project value is highly sensitive to movements in the gold price we believe it is reasonable to use a range of discount rates from 8.5% to 7.5% to derive an assessed Project value range of US$70.0 million to US$83.2 million (on a 100% interest basis).

		Discount rate, Project values in US$m				
Gold Price		9.0%	8.5%	8.0%	7.5%	7.0%
	5.0%	85.2	92.0	99.1	106.6	114.5
	0.0%	63.9	70.0	76.4	83.2	90.3
	-5.0%	41.7	47.0	52.7	58.7	65.0

Source: DFS, Nusantara, PwC Securities analysis

Valuation cross-check

211. We have cross checked the assessed value of the Project with reference to the reserve and resource multiples implied by our valuation. Reserve and resource multiples are considered only to provide a high-level cross check to our valuation as resource multiples vary significantly due to stages of development (and quantum of annual production), quantum of mineral resources and ore reserves, technical characteristics of the resources, ratios of reserves to total resources, different cost structures, mine lives and access to infrastructure and funding.

212. The following table sets out the reserve and resource multiples implied by our selected valuation range of the Project:

	Unit	Low	High	Preferred
Project value	US$m	70.0	83.2	76.4
DFS Reserve	m ozs	1.14	1.14	1.14
Implied multiple	US$/oz	61.4	72.9	67.0
DFS Resource (total)	m ozs	1.17	1.17	1.17
Implied multiple	US$/oz	59.8	71.1	65.3
Additional resource value*	US$m	2.1	7.5	4.4
Resource (outside of DFS)	m ozs	0.83	0.83	0.83
Total value (mineral assets)	**US$m**	**72.1**	**90.7**	**80.8**
Total resource	**m ozs**	**2.0**	**2.0**	**2.0**
Implied multiple	**US$/oz**	**36.0**	**45.3**	**40.4**

Source: PwC Securities Analysis
** As assessed by CSA*

213. Our analysis of publicly available information only highlighted two recent transactions relating to gold projects in Indonesia, each with very different profiles leading to the wide range of observed multiples, being PT Danusa Tambang Nusantara's acquisition of the large operating Martabe mine from EMR Capital in August 2018 for an implied 100% project value of US$1.21 billion (implied resource multiple of US$135.1/oz Au equiv) and Provident Capital Partner's sale of a 66.6% joint venture interest in the pre-development Pani project to PT Merdeka Copper Gold in November 2018 for US$55 million (implied 100% value of US$82.5 million and implied resource multiple of US$34.8/oz).

214. The range of implied resource multiples based on our assessed Project valuation of between US$70.0 million and US$83.2 million is between US$59.8/oz and US$71.1/oz (DFS resource only), within the implied multiple range of the limited comparable transactions observed, and understandably closer to the multiple implied by the Pani transaction. We also note that Pani only has a mineral resource whereas virtually all of the Project's resources are also ore reserves (1.14 mozs compared to 1.17 mozs), hence the higher implied multiple.

215. If the full resource base of PT Masmindo of 2.0 mozs is used and the value of the additional resources outside of the DFS as assessed by CSA of between US$2.1 million and US$7.5 million is added to our assessed value of the Project, this implies a revised Project multiple of between US$36.0/oz and US$45.3/oz, consistent with the Pani transaction and considered somewhat supportive of our assessed valuation range.

Valuation conclusion

216. Based on the above analysis we conclude the value of the Project to be between US$70.0 million and US$83.2 million.

6 Valuation of PT Masmindo

Approach

217. We have assessed the equity value of PT Masmindo using a sum of the parts valuation approach, which requires the aggregation of the fair market value of interests held by PT Masmindo in the Project, exploration assets and other property, plant and equipment, before adding the value of any surplus assets and deducting net debt or other surplus liabilities identified.

218. The sum of the parts methodology has been applied to the following key assets using the valuation methodologies described below:

- the Project - discounted cash flow method based on the updated DFS financial model. As discussed in the previous section of this report, CSA has reviewed the technical assumptions in the model and provided advice to PwC Securities on the appropriateness of key life of mine assumptions;
- additional resources and exploration assets – CSA has been engaged to assess the value of resources (mineral assets) not included in the valuation of the Project and other exploration assets. CSA's valuation is based on a number of valuation methodologies including market and cost based approaches;
- corporate costs – have been included in the DFS model and have been revised to reflect management's current expectation of corporate costs at PT Masmindo;
- other surplus assets / liabilities – based on the 31 December 2019 annual report, PT Masmindo has a balance of US$0.3 million of other surplus assets / liabilities. However, given the immaterial quantum we have excluded them from the value of PT Masmindo; and
- Cash and intercompany loans position – based on the current face value of cash on hand of US$0.2 million as presented in the 31 December 2019 annual report and assuming (as advised by management) that intercompany borrowings (owing) of US$4.4 million is (or will be) converted into equity in PT Masmindo.

219. As can be seen by the analysis presented below, the value of PT Masmindo is comprised of the assessed value of the Project, value attributed to the mineral assets outside of the Project by CSA and the net debt position of PT Masmindo.

Sum of the Parts Valuation – PT Masmindo

220. The assessed value of PT Masmindo (on a controlling interest basis) using the sum of the parts method is summarised in the table below:

Assessed value of PT Masmindo (US$m)	Low	High	Preferred
Project value	70.0	83.2	76.4
Addition exploration assets (refer to CSA report)	2.1	7.5	4.4
Cash	0.2	0.2	0.2
Equity value of PT Masmindo	**72.3**	**90.8**	**81.0**

Source: PwC Securities analysis, CSA

Conclusion on value

221. As shown, we have valued the equity of PT Masmindo on a 100% controlling interest basis to be in a range between US$72.3 million and US$90.8 million, with a preferred value of US$81.0 million.

7 Valuation of Shares in Nusantara

Approach

222. We have estimated the fair market value of an ordinary Share in Nusantara on a 100% controlling interest basis by applying the sum of the parts method, which estimates the value of Nusantara by valuing the various assets and liabilities of Nusantara (which includes its interest in PT Masmindo) and aggregating those values.

223. The sum of the parts methodology has been applied to the following key assets using the valuation methodologies described below:

- Nusantara's interest in PT Masmindo – see Section 6 of this IER;
- corporate costs – discounted cash flow method based on estimates provided by management;
- other surplus assets / liabilities – based on the 31 December 2019 annual report Nusantara has a balance of (US$0.1 million) of other surplus assets / liabilities. Given the immaterial quantum we have excluded them from the value of Nusantara; and
- net cash and intercompany loans position - based on the current face value of US$6.4 million of cash on hand as presented in the 31 December 2019 annual report and assuming (as advised by management) that intercompany receivables of US$4.4 million is (or will be) converted into equity in PT Masmindo. We have adjusted the amount of cash on hand by US$4.9 million to reflect the termination of the third-party royalty (consistent with the basis of the Project valuation) and by US$0.6 million in respect of cash receipts from the recent SPP.

224. As can be seen by the analysis presented below, the value of Nusantara predominantly reflects its interest in PT Masmindo.

Sum of the Parts Valuation – Nusantara

225. The assessed value of Nusantara (on a controlling interest basis) using the sum of the parts method is summarised in the table below:

Assessed value of Nusantara (US$m)	Low	High	Preferred
Project value	70.0	83.2	76.4
Addition exploration assets (refer to CSA report)	2.1	7.5	4.4
Cash	0.2	0.2	0.2
Subtotal equity value of PT Masmindo	**72.3**	**90.8**	**81.0**
Present value of Nusantara corporate costs	(7.2)	(7.2)	(7.2)
Net cash	2.1	2.1	2.1
Equity value (US$m)	**67.2**	**85.8**	**75.9**
Less value of options on issue* (US$m)	(1.8)	(3.6)	(2.7)
Equity value to Shareholders (US$m)	**65.4**	**82.1**	**73.2**
Number of Shares on issue	192.0	192.0	192.0
Value per Share (100% control basis) (US$)	**0.34**	**0.43**	**0.38**
Value per Share (100% control basis) (A$)	**0.57**	**0.71**	**0.64**

Source: PwC Securities analysis
** excluding the Existing Indika Options (refer to appendix F)*

226. The vast majority of Nusantara's value is derived from its interest in PT Masmindo. Nusantara also has an adjusted net cash position of US$2.1 million which is reduced by the present value of corporate costs of US$7.2 million resulting in a Nusantara value range of US$65.4 million to US$82.1 million with a preferred value of US$73.2 million.

Valuation cross check based on Nusantara share price

227. As previously discussed in section 3 of this IER, the liquidity in Nusantara's Shares are somewhat limited however they are still representative of the fair market value of Nusantara on a minority interest basis.

228. We have assessed the Share price of Nusantara before its Indika funding announcement on 9 December 2019 over a period using the VWAP, as shown in the table below:

Period	VWAP (A$)
5 day	0.39
10 day	0.33
1 month	0.31

Source: Capital IQ, PwC Securities analysis

229. As shown in the table below we have derived Nusantara's market capitalisation based on the 5 day and 1 month VWAPs prior to the announcement of the Proposed Transactions and then applied a control premium of 30 to 40% to derive the implied value of Nusantara on a controlling interested basis.

Nusantara value (control basis) (A$)	Low	High	Preferred
Value per Share (minority interest basis)	0.31	0.39	0.35
Control Premium	30%	40%	35%
Value per share (100% control basis)	**0.40**	**0.55**	**0.47**

Source: Capital IQ, PwC Securities analysis

230. Our assessed value of a Share in Nusantara on a controlling interest basis is greater than the value implied by the corresponding Share price. This indicates that the Nusantara Share price is not fully reflecting the value of the Project on a funded basis.

Conclusion on value

231. As shown, we have assessed the value of the equity available of Shareholders on a 100% controlling interest basis to be in a range between US$65.4 million and US$82.1 million, with a preferred value of US$73.2 million. This assessment implies a value per Share (on a 100% controlling interest basis) of between US$0.34 and US$0.43, with a preferred value per Share of US$0.38.

232. Converting the above value using the spot US$:A$ foreign exchange rate at 17 March 2020 US$0.6000:A$1, derives a range of A$ values per Share (on a 100% controlling interest basis) of between of between A$0.57 and A$0.71, with a preferred value of A$0.64 per Share.

8 Valuation of the Share Options

Valuation of Share Options issued to Indika and Petrosea

233. We have assessed the fair value of the Petrosea Share Options and Indika Energy Share Options using a Black-Scholes option pricing model. The key inputs are:

- underlying value of a Share in Nusantara at the valuation date:
- exercise price of the options;
- duration of the options;
- expected future volatility of the share price of Nusantara;
- risk free interest rate; and
- expected dividend yield.

234. Shown in the table below are the valuation parameters of the options mentioned above with their respective valuations.

	Petrosea first tranche		Petrosea second tranche		Indika	
	Low	**High**	**Low**	**High**	**Low**	**High**
Exercise price (A$)	0.45	0.45	0.45	0.45	0.61	0.61
Expiry date	1 Jul 22	1 Jul 22	1 Jul 24	1 Jul 24	1 Dec 22	1 Dec 22
Share price*	0.39	0.51	0.39	0.51	0.39	0.51
Risk free rate	0.52%	0.52%	0.50%	0.50%	0.50%	0.50%
Volatility	60%	60%	60%	60%	60%	60%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of options (millions)	3.0	3.0	7.0	7.0	10.0	10.0
Option value (A$m)	**0.4**	**0.6**	**1.2**	**1.8**	**1.0**	**1.7**
Option value (US$m)	**0.2**	**0.4**	**0.7**	**1.1**	**0.6**	**1.0**

Source: Nusantara, PwC Securities analysis
** for share price we have used our assessed minority interest value of a Nusantara Share post the Share Placement and Proposed Transactions.*

9 *Evaluation of Issue of Shares to, and Increase of Voting Power of, the Indika Group*

Our approach

235. In accordance with RG111, to assess the fairness of the issue of Placement Shares and Share Options and the associated increase in voting power of the Indika Group we have considered the value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis and compared this to the assessed value of a Share on a minority interest basis immediately post the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options.

236. The value of a Share on a minority interest basis under this scenario is assessed after deducting from the Nusantara equity value the option value transferred to the Indika Group through the issue of the Existing Indika Options and Share Options.

237. Full conversion of the Existing Indika Options and the Share Options has only been considered under our assessment of reasonableness as these options are out-of-the-money compared to our assessed value of a Share on a minority interest basis and there is no certainty that these options will vest or will be exercised and, if exercised, when this may occur. It is considered reasonable that a rational investor would only exercise its options over Nusantara Shares if the exercise price was lower than the prevailing trading share price of Nusantara. Therefore, assuming full conversion in the assessment of fairness would be misleading as the assumed conversion at the respective higher exercise prices (A$0.35 per Share in respect of the Existing Indika Options, A$0.45 per Share in respect of the Petrosea Share Options and A$0.61 in respect of the Indika Energy Share Options) would lead to the overstatement of the value of a Share on a minority interest basis.

238. As such, we consider that at the date of this report the strategic rationale for the Proposed Transaction, together with consideration of the relativity of the exercise price of the Share Options compared to the recent trading Share price of Nusantara, the wider terms of the Share Placement and Proposed Transaction and the relative advantages afforded by approving the Share Placement and Proposed Transaction, to be of more relevance to the Non-associated Shareholders.

239. It follows from the above that if the assessed value of a Share in Nusantara prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis is lower than the assessed pro forma minority interest value of a Share in Nusantara immediately post the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options, the Proposed Transaction and Share Placement would be considered to be fair, and as such reasonable.

Consideration of Fairness

240. We have assessed the value of a Share in Nusantara prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options as set out in section 7 of this report and as summarised in the following table.

Resolution 1 – Valuation Pre	Low	High	Preferred
Value per share (100% control basis) (A$/share)	**0.57**	**0.71**	**0.64**
Outstanding shares (million)	192.0	192.0	192.0
Equity Value (100% control basis) (A$m)	**109.0**	**136.9**	**122.0**

Source: PwC Securities analysis

Resolution 1 - Valuation Post

241. We have then assessed the pro forma value of a Share in Nusantara on a minority interest basis assuming that the Placement Shares and Share Options have been issued and assuming Shareholders vote to allow the potential conversion of the Existing Indika Options.

242. The steps we have taken to assess this value are as follows:

- Determined the value of 100% of the equity of Nusantara on a controlling interest basis by multiplying the assessed range of share values on a controlling interest basis by the number of shares outstanding;
- Adjusted the equity value determined in the aforementioned step by the amount of cash received from the issue of the Placement Shares;
- Deducted the estimated option value provided to Indika Mineral through the assumed approval to allow the potential conversion of the Existing Indika Options (see Appendix F of this report for details of the option valuation);
- Deducted the estimated option value provided to Indika Energy (or its nominee) through the issue of the Indika Energy Share Options (see section 8 of this report for details of the option valuation);
- Deducted the estimated option value provided to Petrosea through the issue of the first tranche Petrosea Share Options only (see section 8 of this report for details of the option valuation). In our opinion the second tranche of the Petrosea Share Options reflects a commercial contract related performance arrangement and the potential issue is therefore contingent on the delivery of the EPC Contract;
- Applied a minority discount (consistent with the premium for control applied previously) to derive an 'Adjusted Equity Value' on a minority interest basis;
- Calculated the 'Adjusted Number of Shares Outstanding' by adding the number of shares issued under the Share Placement to the number of shares outstanding; and
- Calculated an implied pro forma value of a Share in Nusantara by dividing the 'Adjusted Equity Value' on a minority interest basis by the 'Adjusted Number of Shares Outstanding'.

243. Adopting the approach described above, we have assessed the pro forma value of a Share in Nusantara on a minority interest basis assuming that the Placement Shares and Share Options have been issued and assuming Shareholders vote to allow the potential conversion of the Existing Indika Options to be between A$0.39 and A$0.51 and a preferred value of A$0.44 per share. We have shown our calculation in the table presented below:

Resolution 1 – Valuation Post	Low	High	Preferred
Equity Value (100% control basis) (A$m)	**109.0**	**136.9**	**122.0**
Share Placement (A$m)	3.5	3.5	3.5
Existing Indika Options (A$m)	(1.6)	(3.2)	(2.4)
Indika Energy Share Options (A$m)	(1.0)	(1.7)	(1.3)
Petrosea Share Options (first tranche only) (A$m)	(0.4)	(0.6)	(0.5)
Adjusted Equity Value (100% control basis) (A$m)	**109.7**	**134.9**	**121.4**
Minority Discount	29%	23%	26%
Adjusted Equity Value (minority interest) (A$m)	**78.3**	**103.8**	**90.0**
Outstanding Shares (million)	192.0	192.0	192.0
Placement Shares	10.5	10.5	10.5
Adjusted outstanding Shares (million)	**202.5**	**202.5**	**202.5**
Adjusted value per Share (minority interest, A$)	**0.39**	**0.51**	**0.44**

Source: PwC Securities analysis

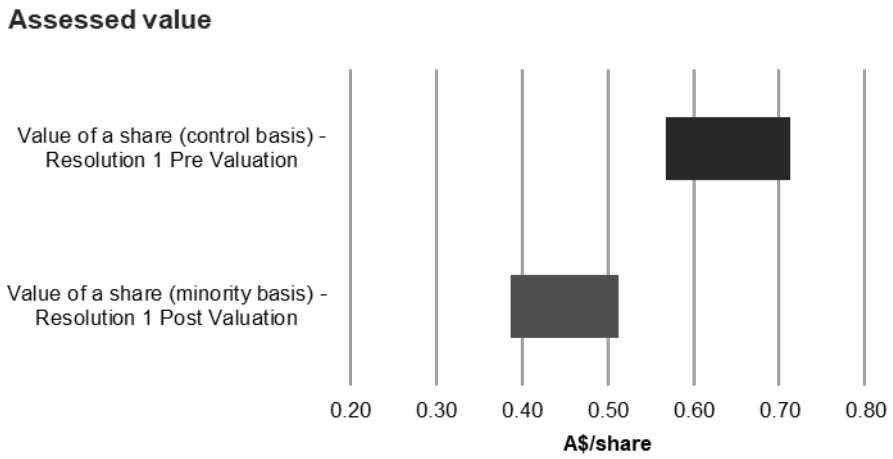
Opinion

Assessment of fairness

244. As discussed, to assess fairness for the purposes of Resolution 1 we have considered the value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis and compared this to the assessed value of a Share on a minority interest basis immediately post the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options.

245. We have assessed the fair market value of a Share (on a controlling interest basis) as at the date of this report to be in a range from A$0.57 to A$0.71 with a preferred value of A$0.64.

246. We have assessed the potential value of a Share (on a minority interest basis) assuming the issue of the Placement Shares and shareholder approval is gained for the potential conversion of the Existing Indika Options and for the proposed issue of the Share Options to be in a range from A$0.39 to A$0.51 with a preferred value of A$0.44.



Source: PwC Securities analysis

247. On the basis that the assessed value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis is greater than our valuation range for a Share on a minority interest basis immediately post the assumed issue of the Placement Shares, and under the assumption that Shareholder approval is gained in respect of both the Existing Indika Options and for the proposed issue of the Share Options, we consider that it is not fair.

The Issue of Shares to a substantial Shareholder and Increase of Voting Power of the Indika Group is reasonable

248. In accordance with RG111.12, if a transaction (offer) is considered to be fair it is also considered to be reasonable. However, a transaction may also be considered to be reasonable, if despite not being considered fair, the expert considers that there are sufficient reasons for the relevant security holders to vote in favour of the proposed transaction, in the absence of a superior proposal.

249. A number of qualitative issues are generally considered in assessing reasonableness. These issues broadly comprise:

- whether the proposal includes a premium for control;
- the likely consequences for the Non-associated Shareholders if the proposal is accepted;
- the likely consequences for the Non-associated Shareholders if the proposal is not accepted; and
- the likelihood of another funding proposal arising that is on better terms than under the current proposal from the perspective of the Non-associated Shareholders.

250. We consider Resolution 1 to be reasonable for the following reasons.

The Share Placement supports Nusantara's ability to advance the development of and meet its commitments in relation to the Project

251. On 13 December 2019, Nusantara announced an A$11 million share placement to new and existing institutional and sophisticated investors. The Share Placement of 10.5 million shares to Indika Mineral forms part of this placement and is subject to Shareholder approval. The Company also announced a SPP for eligible Shareholders.

252. If the Non-associated Shareholders vote to approve the Share Placement to Indika Mineral, the funds raised will:

- assist the Company with advancing the Project as well as be used for general working capital purposes;

- allow Nusantara to maintain an active exploration program and to consider the exercise of an option to cancel the third-party royalty over the Project; and
- be sufficient to meet the Company's stage 1 commitments to take the Project to FID.

253. However, if the Non-associated Shareholders decide not to vote in favour of the Share Placement to Indika Mineral, it may adversely impact on Nusantara's ability to advance the Project in accordance with its strategy leading to potential delays in reaching development stage, Nusantara will be unable to fund its share of Project development costs without raising new capital and it may adversely impact the Company's ability to take advantage of opportunities which may arise.

The Share Placement is at the same price as the recent placement to new and existing Shareholders and at the same price as the recent share purchase plan

254. The Share Placement of 10.5 million shares to Indika Mineral forms part of the recent placement of 32 million Shares and is therefore at the same price of A$0.34 per Share which applied to new and existing institutional and sophisticated investors. The price represented a discount of 8% to the last traded price of the Shares prior to the trading halt of 11 December 2019 in advance of the announcement and a 15% and 13% discount to the VWAP over the last five and 15 days trading respectively prior to 11 December 2019.

255. The recent SPP allowed existing eligible Shareholders to subscribe for up to A$30,000 worth of Shares in Nusantara at the same price of A$0.34 per Share.

256. Therefore, the proposed Share Placement to Indika Mineral is raising funds at the same price as was offered to other Shareholders and investors.

The Share Placement is at a price which is above the price at which Nusantara Shares have recently traded

257. The VWAP of Nusantara over the period since the announcement of the Share Placement on 13 December 2019 to 17 March 2020 is A$0.29 and the Shares have traded in a range between A$0.22 and A$0.35 per Share during that period. We note the low end of this range reflects heightened market volatility relating to COVID-19 Therefore, the Share Placement is at a price which is at the upper range at which Shares have recently traded.

Indika Energy will not materially increase its interest in Nusantara as a result of the Share Placement

258. Prior to the announcement of the Placement and SPP, Indika Energy held a 21.0% interest in Nusantara. This interest was diluted to 18.5% as a result of the Placement and SPP. However, on receiving requisite Shareholder approval for its participation in the Placement and completion of that participation, Indika Energy's interest will increase to 22.7% and it is therefore not materially increasing its interest in Nusantara, notwithstanding that the assessment of the Share Placement is required to be carried out 'as if' it is a control transaction.

If all of the Existing Indika Options and Share Options are exercised, Indika Energy's interest in Nusantara will increase to a maximum of 34.5%, in the absence of any other changes in the capital structure of the Company

259. If the Existing Indika Options are exercised, and in the absence of any other changes in the capital structure of the Company, the Indika Group's interest in Nusantara will increase from 22.7% (post Share Placement) to 28.6%. As under the Corporations Act there is a minimum threshold of 75% of shareholder votes required to pass a 'special resolution', the increased interest in Nusantara resulting from the conversion of the Exiting Options (and also where the proposed Share Options are issued and assumed to be converted to Shares) would mean the Indika Group could potentially vote to block a special resolution.

260. If the Petrosea Share Options and Indika Energy Share Options are issued and subsequently exercised (and if the Existing Indika Options are exercised and the Placement Shares are issued), and in the absence of any other changes in the capital structure of the Company, the Indika Group's interest in Nusantara will further increase to 34.5%. It is likely that the increase in the Nusantara Share price which gives rise to these options being 'in-the-money' (and therefore exercised by Petrosea and Indika Energy (or its nominee)) may also give rise to the exercise of at least some of the other 30,377,073 Nusantara options on issue which will dilute the Indika Group's interest. We note that if all of the other options are assumed to vest and be exercised into Shares, this would decrease the Indika Group's interest from 34.5% to 30.7% (assuming no other Shares are issued or options issued and exercised).

The Existing Indika Options, Petrosea Share Options and Indika Energy Share Options are exercisable at Nusantara share prices which are above, and in some cases significantly greater than, the current Share price

261. The Existing Indika Options have an exercise price of A$0.35 per Share, the Petrosea Share Options have an exercise price of A$0.45 per Share and the Indika Energy Share Options have an exercise price of A$0.61 per Share. Therefore, the exercise prices on these options are higher, and in the case of the Petrosea Share Options and Indika Energy Share Options, significantly higher than Nusantara's current Share price. These options will only rationally be exercised in the event that the shareholding interests of other Shareholders are worth more than they are at current Share prices, notwithstanding the dilutionary impact on a percentage Shareholding interest basis.

Indika Energy's direct investment in Nusantara and the proposed issue of the Share Options are part of a broader funding arrangement, including bringing an Indonesian investor into the Project, securing an equity partner to co-fund its development and attracting debt funding for the Project

262. In December 2018, Nusantara announced that it had attracted a strategic Indonesian cornerstone investor, being Indika Energy, who, through its subsidiary Indika Mineral, was to acquire a 19.9% interest in Nusantara at A$0.23 per share. Indika Mineral was also issued with options (the Existing Indika Options) with an exercise price of A$0.35 per share as part of the fundraising arrangement.

263. The funds were to be applied by the Company in advancing the development of the Project through optimisation studies, near-mine exploration, preparatory work for project construction, advancing project financing and for general working capital requirements.

264. Nusantara and Indika Energy entered into agreements to define an ongoing strategic relationship which would be focused on advancing the financing and development of the Project and made provision for the Indika Group to acquire a direct interest in the Project.

265. The proposed participation by Indika Energy in the Share Placement reflects Indika Energy's ongoing commitment to its investment in Nusantara. The Proposed Transactions, which includes the issue of the Petrosea Share Options and Indika Energy Share Options, is consistent with the intention that the Indika Group would participate directly in the Project. The ability of Nusantara and the Indika Group to meet their capital commitments to fund the stage 1 development of the Project will assist in attracting debt financing. Therefore, both the Share Placement and the Proposed Transactions, are in line with Nusantara's stated strategy for the development of the Project.

If Resolution 1 is not accepted, the Nusantara Share price may be adversely impacted

266. If the Share Placement and the conversion of the Existing Indika Options, together with the proposed issue and conversion of the Petrosea Share Options and the Indika Energy Share Options is not approved we consider that the Share price of Nusantara could be adversely impacted, having regard to:

- the perceived impact on the ability of Nusantara to be able to solely fund its share of the Project;
- the inability to proceed with the Proposed Transactions (equity investment by Indika Mineral into PT Masmindo) on the agreed terms, which require the issue of the Petrosea Share Options and Indika Energy Share Options (unless such conditions are waived); and

- the associated potential impact on securing essential debt funding for the Project development and associated impacts on the overall development timeframe.

267. We have also considered the potential disadvantages to the Non-associated Shareholders if Resolution 1 is approved but consider that the benefits to the Non-associated Shareholders outweigh the potential disadvantages. A summary of the potential disadvantages considered includes:

- The potential increased Shareholding of the Indika Group (if the Existing Indika Options are exercised and converted to Shares and if the proposed Share Options and are issued and exercised and converted to Shares) may be deemed to result in increased influence without a control premium having been paid, for instance with regard to the potential ability of the Indika Group to block a special resolution which requires 75% approval; and
- Existing Shareholders' interests will be diluted upon potential exercise of the Share Options, albeit conversion will mean the Share price has increased considerably from the current traded Share price.

268. After consideration of the aforementioned factors, in our opinion the advantages of the Share Placement and conversion of the Existing Indika Options together with the proposed issue and potential conversion of the Share Options outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the Share Placement and conversion of Existing Indika Options, together with the proposed issue and potential conversion of the Petrosea Share Options and Indika Energy Share Options is reasonable to the Non-associated Shareholders.

Conclusion

269. On the basis that the assessed value of a Share prior to the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options on a controlling interest basis is greater than our valuation range for a Share on a minority interest basis immediately post the assumed issue of the Placement Shares, and under the assumptions that Shareholder approval is gained in respect of both the Existing Indika Options and for the proposed issue of the Share Options, we consider that it is not fair.

270. However, despite being considered not fair, we consider that the proposed issue of the Placement Shares, the potential conversion of the Existing Indika Options and the proposed issue and potential conversion of the Share Options is reasonable on the basis that there are sufficient reasons for the Non-associated Shareholders to approve the issue of the Placement Shares and the potential increased voting power of the Indika Group upon the potential conversion of the Existing Indika Options and the Share Options, in the absence of a superior proposal.

271. We do not consider it appropriate to assess Resolution 1 as if the Proposed Transactions have occurred as the Share Placement and Proposed Transactions are not conditional ie Resolution 1 is not conditional on Resolution 2, and the Share Placement will take place, if approved, even if the Proposed Transaction does not. Notwithstanding this, we have considered the impact on our opinion if Resolution 1 was assessed assuming the potential divestment of an interest in PT Masmindo to Indika Mineral has occurred and we do not consider that this would alter our opinion.

10 Evaluation of the Partial Divestment of Asset

Our approach

272. In accordance with ASX Listing Rule 10.1, we have considered whether the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral is fair and reasonable to the Non-associated Shareholders.

273. Under ASX Listing Rule 10.1, Shareholders must be provided with an IER stating whether the proposed acquisition of a 40% interest in the Project by Indika Mineral (conversely the disposal of a 40% interest in the Project by the Company) is fair and reasonable to the Non-associated Shareholders.

274. In considering fairness, we have compared the value of what is being given up by Nusantara through the 40% interest in PT Masmindo along with any value transfer through associated elements of the Proposed Transactions such as the issue of Share Options, to what is being received by Nusantara under the Proposed Transactions.

275. We have also considered the reasonableness of the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral to the Non-Associated Shareholders, including consideration of the advantages and disadvantages of the proposed divestment, the Project funding alternatives (to that contemplated under the Proposed Transactions), and the likely impact on the Shares in the event that the proposed divestment does not proceed.

Valuation assessment of the significant asset being divested

276. As discussed earlier in section 1 of this report, the proposed divestment of up to a 40% interest in the Project is to occur in two stages (subject to various conditions) – a Stage 1 Equity Investment of US$15 million in PT Masmindo for a 25% interest and a Stage 2 Equity Investment of US$25 million in PT Masmindo for a further 15% interest.

277. Notwithstanding that the proposed investment (divestment) is to happen in stages, which de-risks the investment in PT Masmindo somewhat for Indika Mineral as it pays a lower price for the Stage 1 interest acquired relative to the Stage 2 interest on a percentage basis, we have assessed the staged investment (divestment) on a combined basis. The reason for this approach is that we understand that it is the intention of the parties to the Proposed Transactions that both stages complete and, in the event that the second stage does not take place, then it is likely that this will be because the value of the Project has diminished and therefore current value expectations no longer apply.

278. A condition of the Stage 1 Equity Investment by Indika Mineral is that Nusantara is to invest US$6 million in the Project (US$2.4 million of which is to be paid by Nusantara in consideration of the termination of 50% of a third party royalty attached to the Project) and a condition of the Stage 2 Equity Investment is that Nusantara will invest US$4 million in the Project (US$2.5 million of which is to be paid by Nusantara in consideration of the termination of the remaining 50% of a third party royalty attached to the Project).

279. Finally, the Proposed Transactions incorporate the issue of the Petrosea Share Options and Indika Energy Share Options.

280. We have assessed the value of what is being given up by Nusantara as:

- the value of up a 40% interest in PT Masmindo; which
- includes the assumed value uplift from the termination of the third-party royalty attached to the Project;
- includes the net US$5.1 million investment in PT Masmindo by Nusantara (40% of which will benefit Indika Mineral); plus
- the value associated with the proposed issue of the Petrosea Share Options (tranche 1 only) and the Indika Energy Share Options.

281. The following table sets out our assessment of what is being given up by Nusantara under the proposed divestment by Nusantara of a 40% interest in PT Masmindo to Indika Mineral:

Value of Substantial Asset being Divested	Low	High	Preferred
40% interest in PT Masmindo (US$m)	28.0	33.3	30.6
40% interest in US$5.1m investment by Nusantara in PT Masmindo	2.0	2.0	2.0
40% interest in cash	0.1	0.1	0.1
40% interest in other exploration assets	0.8	3.0	1.8
Indika Energy Share Options (US$m)	(0.6)	(1.0)	(0.8)
Petrosea Share Options (first tranche only) (US$m)	(0.2)	(0.4)	(0.3)
Value of Asset Divested (US$m)	**30.2**	**37.0**	**33.3**

Source: PwC Securities analysis

Valuation of the Purchase Consideration

282. The cash consideration of up to US$40 million being paid by Indika Mineral is being invested in PT Masmindo as opposed to being paid directly to Nusantara therefore, Nusantara will benefit from this cash investment up to its 60% shareholding interest or US$24 million (Indika Mineral retain a 40% interest in the amount invested in to PT Masmindo, being US$16 million).

283. Nusantara will also receive a benefit through the deferred payments agreed with Petrosea in relation to the FEED contract and EPC contract (if awarded) which it will carry out in relation to the Project under the terms of the Proposed Transactions. However, as the deferred payment arrangements will incorporate an interest charge which is considered to be commensurate with Nusantara's current cost of borrowing, we consider that there is no additional value benefit to Nusantara associated with this arrangement.

284. On this basis, we have assessed the value of the purchase consideration paid by Indika Mineral for up to a 40% interest in PT Masmindo to be up to US$24 million.

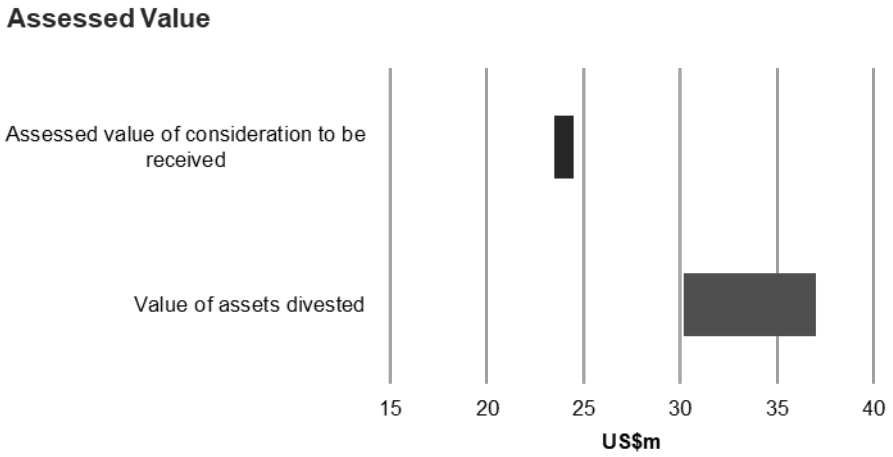
Opinion

Assessment of fairness

285. To assess the fairness of the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral, we have considered the value of assets divested by Nusantara and compared this to the assessed value of consideration to be received.

286. We have assessed the value of the assets divested to be in a range of US$30.2 to US$37.0 million with a preferred value of US$33.3 million.

287. We have assessed the value of the consideration to be received to be US$24.0 million.



Source: PwC Securities analysis

288. On the basis that the assessed value of the consideration received is less than the assessed value of the assets divested, we consider that the Proposed Transaction is not fair.

The Partial Divestment of Asset is reasonable

289. In accordance with RG111.12, if a proposed transaction or offer is considered to be fair it is also considered to be reasonable. However, an offer may also be considered to be reasonable, if despite not being considered fair, the expert considers that there are sufficient reasons for the relevant security holders to accept the offer, in the absence of a superior proposal.

290. A number of qualitative issues are generally considered in assessing reasonableness. These issues broadly comprise:

- whether the proposal includes a premium for control;
- the likely consequences for the Non-associated Shareholders if the proposal is accepted;
- the likely consequences for the Non-associated Shareholders if the proposal is not accepted; and
- the likelihood of another funding proposal arising that is on better terms than under the current proposal from the perspective of the Non-associated Shareholders.

291. We consider the proposed divestment by Nusantara of up to a 40% interest in PT Masmindo to Indika Mineral to be reasonable for the following reasons.

Indika Mineral's investment in PT Masmindo is part of a broader funding arrangement including bringing an Indonesian investor into the Project and securing an equity partner to co-fund development

292. In December 2018, Nusantara announced that it had attracted a strategic Indonesian cornerstone investor, being Indika Energy, who through its subsidiary Indika Mineral, was to acquire a 19.9% interest in Nusantara at A$0.23 per share and was issued with options (the Existing Indika Options) with an exercise price of A$0.35 per share as part of the fundraising arrangement.

293. The funds were to be applied by the Company in advancing the development of the Project through optimisation studies, near-mine exploration, preparatory work for project construction, advancing project financing and for general working capital requirements.

294. Nusantara and Indika Energy entered into agreements to define an ongoing strategic relationship which would be focused on advancing the financing and development of the Project and made provision for the Indika Group to acquire a direct or indirect interest in the Project.

295. The Proposed Transactions which include the potential divestment of up to a 40% interest in PT Masmindo to Indika Mineral are consistent with the intention that the Indika Group would participate directly in the Project investment and is therefore in line with Nusantara's stated strategy for the development of the Project.

Most cost effective option relative to available funding alternatives identified as part of a strategic review

296. Nusantara explored a range of options to secure a strategic partner for the Project over a 12-month process. engaged with a number of potential investors as part of the finance raising process which resulted in Indika Energy becoming Nusantara's preferred Indonesian strategic partner to support its development of the Project. Refer to section 1 of this report for more details.

297. The other major Shareholders of Nusantara are supportive of the aforementioned funding strategy together with the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral, therefore the terms of the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral have been negotiated on an arm's length basis.

298. Further, we are not aware of any alternative proposals which may provide a greater benefit to the Non-associated Shareholders at the date of this report.

The value of the Project implied by the consideration is consistent with the value implied by the Nusantara share price

299. Whilst we have assessed the value of what Nusantara is giving up (which largely comprises the assessed 40% value of the Project) to be greater than the consideration to be received, we note that the consideration paid is consistent with the value of the Project implied by the market capitalisation of Nusantara post the announcement of the Proposed Transactions.

300. This indicates that the value of the Project to Nusantara as reflected in its share price is at a discount to the Project's fair market value due to Nusantara's inability to sole fund the Project and its reliance on securing a partner to co-invest and to assist with securing the required additional bank debt financing. The purchase consideration under the proposed divestment reflects that the Indika Group is helping to provide a funding solution for the Project and therefore does not reflect the value of this benefit which it is bringing to the Project (and ultimately to the Shareholders of Nusantara through Nusantara's retention of a 60% interest in PT Masmindo).

The Proposed Transactions provide greater certainty regarding the ability to fund the equity component of the stage 1 development which should assist in attracting requisite debt funding for the development of the Project

301. The ability of Nusantara and Indika Mineral to meet their respective capital commitments to fund the stage 1 development will assist in attracting required debt financing.

302. To the extent that debt financing is secured, and Project development ensues, this will allow Nusantara to realise the funded value of its remining 60% interest in the Project compared to the current discounted value of its 100% interest in the unfunded Project.

If the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not accepted, the Nusantara share price may be adversely impacted

303. If the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not approved we consider that the Share price of Nusantara could be adversely impacted, having regard to the perceived ability of Nusantara to be able to solely fund a 100% equity interest in the Project and the potential impact on securing debt funding for the Project.

304. We have also considered the potential disadvantages to the Non-associated Shareholders if the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is approved but consider that the benefits to the Non-associated Shareholders outweigh the potential disadvantages. A summary of the potential disadvantages considered includes:

- A direct investment by Indika Mineral of a 40% interest in the Project along with the FEED (and potentially the EPC) work being carried out by Petrosea and Indika Energy's interest in Nusantara may be deemed to result in increased influence without a control premium having been paid;
- Indika Mineral may realise value from the Project which would otherwise accrue to existing Shareholders 'but for' Nusantara's inability to sole finance the development of the Project; and
- The staged structure of Indika Mineral's proposed investment in the Project means its Stage 2 Project Equity Investment is not certain and it provides optionality to Indika Mineral to consider the Project status, and its circumstances and position prior to proceeding. Notwithstanding this, Nusantara will control the Project and the activities which are carried out towards progressing the Project to FID and the interests of Indika Mineral and Nusantara are aligned in terms of realising the value of their respective interests in the Project through its development.

305. After consideration of the aforementioned factors, in our opinion the advantages of the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is reasonable to the Non-associated Shareholders.

Conclusion

306. On the basis that the assessed value of the consideration received is less than the assessed value of the assets divested, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is not fair.

307. However, despite being considered not fair, we consider that the proposed divestment of up to a 40% interest in PT Masmindo to Indika Mineral is reasonable on the basis that there are sufficient reasons for the Non-associated Shareholders to approve the proposed divestment, in the absence of a superior proposal.

11 Evaluation of the Grant of Share Pledge by Salu Siwa

Our approach

308. Under ASX Listing Rule 10.1, Shareholders must be provided with an IER stating whether the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment to Petrosea under the Proposed Transactions is fair and reasonable to the Non-associated Shareholders.

309. In considering fairness, we have compared the value of what is being given up by Nusantara through the Share Pledge compared to what it receives in terms of the Stage 1 Deferred Payment arrangements.

310. We have also considered the reasonableness of the granting of a share pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment to the Non-Associated Shareholders of Nusantara including the advantages and disadvantages of the Share Pledge, the alternatives to the granting of a Share Pledge available to Nusantara to facilitate the funding of the development of the Project and the likely impact on Nusantara in the event that the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment does not proceed.

Consideration of Fairness

311. We understand that the purpose of the Share Pledge is to provide security to Petrosea with regard to payments which it has agreed to receive on a deferred basis as part of the overall funding arrangements with regard to the Project development.

312. The Stage 1 Deferred Payment includes an interest component which we have considered separately and therefore no additional value accrues to PT Masmindo or Nusantara in relation to the Stage 1 Deferred Payment arrangement.

313. Contractual terms have been negotiated with Petrosea which provide PT Masmindo with a reasonable opportunity to source alternative funding arrangements to repay outstanding Stage 1 Deferred Payment amounts. More details can be found in Nusantara's announcement to the ASX on 24 March 2020.

Opinion

Assessment of fairness

314. On the basis that the security can only be enforced to the extent that the associated value of shares in PT Masmindo to be secured is equal to the amount of the outstanding Stage 1 Deferred Payment (including any accrued and unpaid interest), we consider that the proposed Share Pledge grant is consistent with normal financing arrangements and is therefore fair.

The Grant of Share Pledge by Salu Siwa is reasonable

315. In accordance with RG111.12, if an offer is considered to be fair it is also considered to be reasonable.

316. We also consider that the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is reasonable on the basis that it forms part of the broader Proposed Transactions and we refer to reasonableness considerations which have been considered in the previous section and which are considered to also apply to the proposed Share Pledge:

- the Share Pledge associated with the Stage 1 Deferred Payment is part of a broader funding arrangement including bringing an Indonesian investor into the Project and securing an equity partner to co-fund the development;
- the Proposed Transactions, which incorporate the Stage 1 Deferred Payment to which the Share Pledge relates, provides greater certainty regarding the ability to fund the equity component of the stage 1 development which should assist in attracting necessary debt funding for the development of the Project; and
- If the Proposed Transactions, which incorporate the Stage 1 Deferred Payment to which the Share Pledge relates, are not accepted, the Nusantara share price may be adversely impacted.

317. We have also considered the potential disadvantages to the Non-associated Shareholders if the granting of a Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is approved, mainly that Indika Energy could acquire a controlling 60% interest in the Project in the event that the Share Pledge was enforced, however, this would be in the event that the Project was not successful in securing debt financing and PT Masmindo was unable to meet any payments in relation to the FEED work to be carried out by Petrosea.

318. After consideration of the aforementioned factors, in our opinion the advantages of the proposed Share Pledge grant outweigh the potential disadvantages. Therefore, in the absence of a superior proposal, we consider that the granting of the Share Pledge by Salu Siwa of a 20% shareholding interest in PT Masmindo as security for the Stage 1 Deferred Payment is reasonable to the Non-associated Shareholders.

Conclusion

319. On the basis that the security can only be enforced to the extent that the associated value of shares in PT Masmindo to be secured is equal to the amount of the outstanding Stage 1 Deferred Payment (including any accrued and unpaid interest), we consider that the proposed Share Pledge grant is consistent with normal financing arrangements and is therefore fair.

320. On the basis that the Share Pledge is considered to be fair, we also consider it to be reasonable.

Appendices

Appendix A Statement of qualifications and declarations

Qualifications

PwC Securities is beneficially owned by the partners of PricewaterhouseCoopers Australia, a member firm of the PwC network. PwC Securities holds an Australian Financial Services Licence under the Corporations Act.

Paul Hennessy is a partner in our Perth valuations practice where he specialises in valuations and transactions work as well as being an authorised representative of PwC Securities. Paul is a graduate of the University of Limerick, a Fellow of the Institute of Actuaries and an Affiliate Member of Chartered Accountants Australia and New Zealand (**CAANZ**) and is Business Valuations Specialist Accredited. Paul has over 20 years' experience with the Australian and UK firms of PwC including three years in the UK firm's Valuation & Strategy team in London where he worked on a large number of international resource clients.

Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, CAANZ and the Society of Certified Practising Accountants in Australia. He is also an Adjunct Professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Masters of Business Administration. He has 34 years' experience with PwC and extensive experience in preparing valuations and Independent Expert reports as well as providing merger and acquisition advice. He is also a partner of PwC and is an authorised representative of PwC Securities.

Darryl Norville is a director in PwC and is a graduate of the University of Western Australia and a Member of the CAANZ and is Business Valuations Specialist Accredited. Darryl has extensive experience in the preparation of corporate valuations, independent expert's reports and the provision of corporate financial advisory services to corporations involved in takeovers, capital raisings and mergers and acquisitions.

Declarations

Prior to accepting this engagement, we considered our independence with respect to Nusantara by reference to ASIC Regulatory Guide 112 Independence of Experts. In our opinion, we are independent of Nusantara and the outcome of the Transaction.

Neither PwC Securities nor PwC has any interest in the outcome of the Proposed Transaction. PwC Securities is entitled to receive a fee for the preparation of this Independent Expert's Report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out of pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the Proposed Transaction. None of PwC Securities, PwC, Messrs, Hennessy, Stewart and Norville holds securities in Nusantara and have not held any such beneficial interest in the previous two years.

A draft of this report (excluding our opinions) was provided to the Directors of Nusantara for factual checking on 7 February 2020, an updated draft report was provided to Nusantara on 27 February 2020 and a final draft report was provided to Nusantara on 24 March 2020. Although there were a number of factual corrections, no changes to our opinion arose as a result of these reviews.

Purpose of report

This Independent Expert's Report has been prepared at the request of the Independent Directors of Nusantara and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinions to the Non-associated Shareholders. This Independent Expert's Report has been prepared solely for the benefit of the Independent Directors of Nusantara and for the benefit of the existing Non-associated Shareholders. Neither the whole nor any part of this Independent Expert's Report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

Special note regarding forward-looking statements and forecast financial information

Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Nusantara to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- General economic conditions;
- The future movements in interest rates and taxes;
- The impact of terrorism and other related acts on broader economic conditions;
- Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Nusantara in particular; and
- Other factors referenced in this Independent Expert's Report.

Indemnity

In preparing this Independent Expert's Report, Nusantara has indemnified PwC Securities, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Nusantara which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, Nusantara has agreed that if it makes any claim against PwC or PwC Securities for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount Nusantara may recover from PwC Securities will be reduced by the extent of its contribution to that loss.

Consent

PwC Securities has consented in writing to this Report in the form and context in which it appears being included in the Notice of Meeting which will be issued by the Independent Directors of Nusantara and which will be distributed to Nusantara Shareholders.

Neither PwC Securities nor PwC has authorised or caused the issue of all or any part of the Notice of Meeting other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwC Securities to the form in which it appears.

APES 225 Valuation Services

This Independent Expert Report has been prepared in accordance with APES 225 *Valuation Services*.

Appendix B Sources of information

In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:

- The Notice of Meeting (including earlier drafts thereof);
- ASX announcements for Nusantara;
- Nusantara Annual Reports (audited) for the three years ended 31 December 2017,31 December 2018 and 31 December 2019;
- Discussions with management of Nusantara;
- Other information provided by management of Nusantara;
- Internal documents presented to the Board of Nusantara which included an assessment of alternative sources of funding;
- Financial model prepared by Nusantara in respect of the DFS for the Project;
- Information obtained from Bloomberg, Capital IQ, Consensus Economics and IBISWorld Industry Reports, United States Geological Surveys and World Gold Council Reports; and
- Other publicly available information including information from websites including that of the Company.

We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.

In forming our opinion, PwC Securities has assumed that:

- matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Notice of Meeting sent by Nusantara to its Shareholders is complete, accurate and fairly presented in all material aspects; and
- the publicly available information relied on by PwC Securities in its analysis was accurate and not misleading.

In addition, PwC Securities assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix C Summary of Valuation Methodologies

There are a number of commonly adopted methodologies that could be used to assess the value of the underlying business (or enterprise value) or equity value of Nusantara. Widely accepted methodologies include:

- **Discounted cash flow** – This method indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows;

- **Capitalisation of future maintainable earnings** – This method involves multiplying an estimation of a level of sustainable earnings (or profits) of a business by a multiple that is reflective of the underlying risks and growth prospects of the business. The estimation of future maintainable earnings is considered a surrogate for the future cash flows of the business and the process of multiplication is referred as the 'capitalisation' of earnings;

- **Net realisable value of assets** – This approach indicates the market value of the equity of an entity by adjusting the asset and liability balances on the subject company's balance sheet to their market value equivalents. The net assets approach has a number of variants. Typically, the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value; and

- **Market based assessments** – Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm's length transactions. This is often the most reliable evidence of market value but in the case of valuation of companies it can be difficult to find directly comparable transactions.

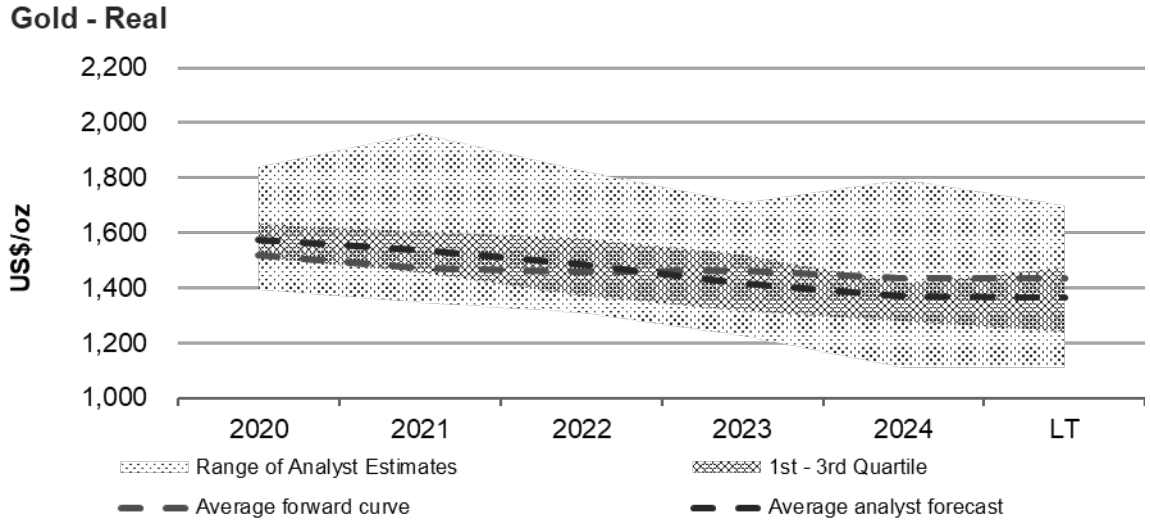
  For companies whose shares are publicly traded, the relevant share price is considered indicative of the market value of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control.

Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.

Appendix D Gold price analysis

Overview

To assess a reasonable gold price forecast we have obtained broker forecasts from Bloomberg and Consensus Economics as well as the forward curve at 17 March 2020 as presented in the table below.



Source: Consensus Economics, Bloomberg

Appendix E Discount rate analysis

The discount rate applicable for fair market valuation purposes should represent the required market rate of return for capital invested in the individual projects being valued. The expected rate of return for invested capital is conventionally derived using the weighted average cost of capital (**WACC**) approach using market evidence appropriate to the business being examined. Whilst there is a body of theory that provides a framework for the determination of such a discount rate, it is important to note that there is a level of subjectivity involved in selecting the various inputs to the theoretical framework.

The formulation of WACC using modern finance theory and commonly accepted practice is derived in the first instance on a post-tax, nominal basis as the parameters comprising WACC are observable in the market place on this basis.

Inflation, defined as changes in the purchasing power of money, is implicitly built into the observable inputs of the WACC. A consistent treatment is therefore required for the forecast cash flows to which the WACC is applied. The cash flows adopted for the purposes of our assessment are in real (uninflated) dollars.

For the purposes of this report, we have assessed appropriate post-tax real discount rates to be in the range from 7.5% to 8.5% per annum for the Project.

We consider that this discount rate reasonably reflects the discount rate that purchasers would use in the current market in assessing the Project and is reflective of the development, ramp-up, operational, and in-country risks of the Project, after consideration of the key assumptions underpinning the Project cash flows.

WACC

The WACC of an entity or project is the expected cost of the various classes of its capital (both equity and debt), weighted by the proportion of each class of capital to the total capital of the entity.

The general formula for calculating WACC is:

$$WACC = K_d(1-t) * (D/D+E) + K_e * (E/D+E)$$

where the key inputs are defined as follows:

K_e the after-tax cost of equity, which is the rate of return required by the providers of equity capital, the pre-tax cost of debt, which is the expected long-term future borrowing cost of the relevant project and/or business. The conventional practice for estimating K_d is to estimate an appropriate premium over the benchmark lending rate.

t the applicable corporate tax rate

D the market value of debt

E the market value of equity

Each of the components of the WACC formula is discussed further below.

Cost of Equity *(K_e)*

One of the most subjective areas in applying WACC is the estimation of the required return on (or cost of) equity. A widely accepted method for estimating the cost of equity is the capital asset pricing model (**CAPM**).

Under CAPM, the expected return on equity is measured as the return on risk free investments plus a premium for the non-diversifiable risk associated with the relevant asset or project.

The CAPM rate of return on equity capital is calculated using the formula:

$$K_e = R_f + [\beta_E * EMRP]$$

where:

K_e rate of return on equity capital
R_f risk-free rate of return
β_E beta for this type of equity investment
EMRP or Rm – Rf relates to the market risk premium which is the expected return on a broad portfolio of stocks in the market (R_m) less the risk-free rate (R_f)

The return equity for the Project has then been estimated by applying a specific country risk premium. The formula applied by PwC Securities was as follows:

$$Ke = Rf + \beta e * (EMRP) + CRP$$

Risk-free Rate *(R_f)*

The relevant risk-free rate of return is the return on a risk-free security, typically for a period that reflects the longevity of its associated cash flows. In practice, Government bonds are an acceptable benchmark for the risk-free security. The yield to maturity of Government bonds at the valuation date is generally accepted as a proxy for the risk-free rate.

Having regard to the projected Project life, we have used the current yield to maturity of the 10-year US Treasury bonds, as a proxy for the risk-free rate, which is currently 1.1%.

Market Risk Premium *(EMRP)*

The market risk premium is the premium above the risk-free rate that investors can expect to earn on a diversified portfolio of equity investments. It is generally measured as the difference between actual historical returns on a market share portfolio and long-term Government bonds.

We have adopted a market risk premium of 6% for the purposes of the cost of equity calculation.

Country Risk Premium *(CRP)*

Country Risk Premium is the additional return or premium demanded by investors to compensate them for the higher risk associated with investing in a foreign (or developing) country, compared with investing in the domestic market. This increased risk can come from a range of factors including unstable political environment, poor governance and/or the prevailing regulatory environment.

CRP is often estimated either by reference to the difference between the country default swap rates pertaining to where the asset is located compared to the US country default swap rates or using the sovereign yield method which measures the CRP as the difference between the yield on emerging country government bonds and the yield on same-currency developed country government bonds of the same maturity (typical US$). CRP can then be adjusted to reflect any risk mitigating factors pertaining to the asset, such as it's reliance on local infrastructure and the impact / influence of the local political or regulatory environment.

Based on our analysis we have adopted a range of CRP's in our discount rate assessment of 2.0%.

Beta *(β_E)*

Beta is a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole. Beta measures the systematic risk of a company's investments which cannot be diversified away, measured relative to the market portfolio.

The historical beta for equity securities can be measured statistically by regressing the return on an equity market index against the share price returns of the relevant stock over a suitably long period of time. The measurement of beta is not an exact science as estimation errors may result from one-off events occurring during the measurement period and a company's beta may vary over time.

A beta factor of one implies that the risk of the particular asset or investment is the same as the risk profile of the market average as a whole. A beta above one indicates greater risk than the average, while a beta of below indicates less risk than the average risk of the market as a whole.

The beta of a stock can be presented as either an adjusted beta or as an historical beta. The historical beta is obtained from the linear regression of a stock's historical data, whereas the adjusted beta is an estimate of a security's future beta. It is initially derived from the historical beta but modified by the assumption that a security's true beta will move towards the market average of one, over time. In practice an adjusted beta is often used.

Observed betas in the market place are equity betas and are affected by the gearing of the entity. In applying CAPM, adjustments are generally made to the observed equity betas in the market place to allow for the different capital structures and levels of gearing in the companies examined. This process involves "de-gearing" the beta to arrive at the asset beta (that is, the beta applicable to the risk profile of the assets or business operations).

There are a number of formulae advanced for the "de-gearing" and "regearing" of beta. The most commonly applied formula is the Harris and Pringle formula as follows:

$$\beta_E = \beta_A\left(1+\frac{D}{E}\right)$$

where:

β_E company's equity beta

β_A company's ungeared (asset) beta

D market value of the company's debt

E market value of the company's equity

PwC Securities estimated a range of equity betas which it considered to be reasonable based on the asset betas (unlevered) of a range of companies with producing and pre-development gold projects in jurisdictions with low country risk based on observable market data. The specific risks associated with operating in Indonesia (which are not reflected in the assumed Project cash flows) was separately added to the cost of equity through the CRP).

PwC Securities considered the asset betas of publicly traded companies with assets in the development phase and of those publicly traded companies with assets in jurisdictions with similar levels of country risk. However, these asset betas were not applied in our assessment of a reasonable range of due to the low observed "R squared" factors (otherwise known as the "coefficient of determination"), which means that such observations are not considered statistically reliable. The R squared factor calculates the strength of the correlation between a stock's returns and the market index used to calculate an equity beta and which is the fundamental basis of the capital asset pricing methodology.

We have included a table which sets out current financial gearing levels, observed equity betas and the adjusted ungeared (asset) beta estimates for a selection of listed mining entities with comparable attributes at the end of this section. Based on our analysis of this data we have selected a range of asset betas of between 0.9 and 1.1.

Debt to Equity Mix

In estimating the WACC, the debt to equity assumption should reflect the optimal or target capital structure for the asset being valued.

Optimal (as opposed to actual) capital structures are not readily observed. Accordingly, any estimate of optimal capital structure is necessarily subjective. In practice, the existing capital structures of comparable companies are used as a guide to estimate the likely optimal capital structure for an entity, taking into consideration the specific financial circumstances of that entity. In drawing any conclusions from the comparable company information, it is important to note that the observed gearing levels usually represent current or historical gearing levels, which may or may not be representative of optimal, long term gearing levels.

We have reviewed the capital structure of the comparable mining companies assessed in our consideration of an appropriate asset beta. We have also considered the specific financial circumstances pertaining to the Project. Based on this assessment, we consider an appropriate long-term gearing level for the Project to be in the order of 20% to 30% debt and 70% to 80% equity.

Cost of Debt (Kd)

The cost of debt is the rate a prudent debt investor would require on interest-bearing debt after considering the appropriate capital structure and the nature and risks pertaining specifically to the entity's operations.

Since the interest on debt is deductible for income tax purposes, the WACC incorporates the after-tax interest rate in the calculation. For the purposes of assessing WACC, the existing effective corporate tax rate of the jurisdiction in which the asset or entity is located is typically used. We have adopted the current Indonesian tax rate of 25%.

We have applied a cost of debt of 6.8%, which we believe is an appropriate cost of debt after considering the capital structure and the nature of the Project. This corresponds to a post-tax cost of debt capital of 5.1% per annum.

Calculation of WACC

The following table summarises the nominal post-tax WACC for application in the assessment of the Project's operations based on the assumptions and inputs discussed above.

Input	Definition	Value Adopted
K_d	Cost of debt (pre-tax)	6.8%
K_e	Cost of equity (post-tax)	9.9% to 12.6%
t	Corporate tax rate	25.0%
D/D+E	Proportion of debt in capital mix	20% 30%
E/D+E	Proportion of equity in the capital mix	70% to 80%
WACC	Weighted average cost of capital (nominal post-tax)	8.9% to 10.3%

Adjustment for Inflation

The cash flows of the Project have been derived on a post-tax real basis. The WACC set out above is on a nominal basis as it includes an allowance for inflation. The inflation rate implicit in long-term US bonds over the duration of the cash flows modelled approximates 1.4% per annum.

The WACC on a US$ real post tax basis inferred from the table above and an inflation rate of 1.4% is 7.4% to 8.8% per annum.

Consideration of Transactions

We have also considered the discount rates applied by industry participants to assess the value of similar assets located in various jurisdictions with varying risk profiles and at various stages of development, scale and quality. Based on our analysis of these transactions such discount rates have ranged between 5% and 10% on a US$ post-tax real basis, with large scale Australian based assets being assessed by reference to discount rates towards the lower end of this range and pre-development assets in riskier jurisdictions tards the higher-end of this range.

Discount Rates

Based on the above, we consider appropriate post-tax real discount rates to apply to cash flows the Project to be in the range 7.5% to 8.5% having regard to all of the aforementioned factors.

Comparable company beta analysis

Company[0]	Market capitalisation (A$ Million)[1]	Local Equity Beta[2]			MSCI Equity Beta[2]			Average debt / EV[3]			Local asset beta[4]			MSCI asset beta[4]		
		2 year weekly	3 year weekly	5 year monthly	2 year weekly	3 year weekly	5 year monthly	2 year	3 year	5 year	2 year weekly	3 year weekly	5 year monthly	2 year weekly	3 year weekly	5 year monthly
SolGold plc	773.9	1.16	1.20	1.94	1.03	0.91	-	-	-	1.6%	1.16	1.20	1.91	1.03	0.91	-
Aurelia Metals Limited	414.3	0.99	0.84	1.78	0.67	-	2.17	-	15.7%	33.7%	0.99	0.71	1.18	0.67	-	1.44
Bardoc Gold Limited	113.4	0.89	0.91	-	0.96	0.95	-	0.3%	0.2%	0.1%	0.88	0.91	-	0.95	0.95	-
Geopacific Resources Limited	91.1	-	-	1.02	0.89	0.79	1.20	-	-	-	-	-	1.02	0.89	0.79	1.20
Metals X Limited	79.5	1.68	1.59	0.76	1.48	1.45	0.77	-	-	-	1.68	1.59	0.76	1.48	1.45	0.77
Breaker Resources NL	59.7	-	0.77	-	0.90	0.93	-	-	-	-	-	0.77	-	0.90	0.93	-
Calidus Resources Limited	77.3	0.63	0.81	-	-	-	-	-	-	-	0.63	0.81	-	-	-	-
Focus Minerals Limited	52.6	0.87	-	1.23	-	-	0.92	-	-	-	0.87	-	1.23	-	-	0.92
Horizon Minerals Limited	45.2	0.99	0.95	1.10	1.05	1.04	-	-	-	-	0.99	0.95	1.10	1.05	1.04	-
Strategic Minerals Corporation NL	41.2	0.86	0.80	0.78	0.79	0.74	-	-	-	-	0.86	0.80	0.78	0.79	0.74	-
Kingston Resources Limited	33.9	1.38	1.43	1.58	1.11	1.22	2.10	-	-	-	1.38	1.43	1.58	1.11	1.22	2.10
Vector Resources Limited	30.8	-	1.16	-	-	-	-	1.2%	0.6%	8.4%	-	1.15	-	-	-	-
Antipa Minerals Limited	32.4	1.04	0.96	-	-	0.78	-	-	-	-	1.04	0.96	-	-	0.78	-
High	**773.9**	**1.68**	**1.59**	**1.94**	**1.48**	**1.45**	**2.17**	**1.2%**	**15.7%**	**33.7%**	**1.68**	**1.59**	**1.91**	**1.48**	**1.45**	**2.10**
3rd Quartile	**91.1**	**1.13**	**1.18**	**1.63**	**1.05**	**1.04**	**2.10**	**1.0%**	**8.1%**	**14.8%**	**1.13**	**1.18**	**1.32**	**1.05**	**1.04**	**1.44**
Median	**59.7**	**0.99**	**0.95**	**1.17**	**0.96**	**0.93**	**1.20**	**0.7%**	**0.6%**	**5.0%**	**0.99**	**0.95**	**1.14**	**0.95**	**0.93**	**1.20**
Mean	**141.9**	**1.05**	**1.04**	**1.27**	**0.99**	**0.98**	**1.43**	**0.7%**	**5.5%**	**11.0%**	**1.05**	**1.02**	**1.19**	**0.99**	**0.98**	**1.29**
1st Quartile	**41.2**	**0.88**	**0.83**	**0.96**	**0.89**	**0.79**	**0.92**	**0.5%**	**0.4%**	**1.3%**	**0.88**	**0.80**	**0.96**	**0.89**	**0.79**	**0.92**
Low	**30.8**	**0.63**	**0.77**	**0.76**	**0.67**	**0.74**	**0.77**	**0.3%**	**0.2%**	**0.1%**	**0.63**	**0.71**	**0.76**	**0.67**	**0.74**	**0.77**
Number of comparables		*10*	*11*	*8*	*9*	*9*	*5*	*2*	*3*	*4*	*10*	*11*	*8*	*9*	*9*	*5*
Total number of companies in set	*13*															

[1] Comparators chosen on the basis of industry sector and statistically sufficient number of beta observations
[2] Market capitalisation as at 29 February 2020 from Capital IQ
[3] Source from Capital IQ
[4] Levered beta calculated using the Harris Pringle formula
[5] Formula for unlevering equity betas: equity beta / (1 + debt / equity). Gearing derived from balance sheet

Appendix F Option valuation

We have assessed the fair value of the existing options using a Black-Scholes option pricing model. The key inputs are:

- underlying value of a Share in Nusantara at the valuation date:
- exercise price of the options;
- duration of the options;
- expected future volatility of the share price of Nusantara;
- risk free interest rate; and
- expected dividend yield.

Shown in the tables below are the valuation parameters of the options mentioned above with their respective valuations. We have assessed the Existing Indika Options to have a valuation range of A$1.6 (US$0.9) million to A3.2 (US$1.9) million and the other options to have an aggregate valuation range of A$3.0 (US$1.8) million to A$6.0 (US$3.6) million.

	Existing Indika Options		Incentive plan		Executive sign on	
	Low	High	Low	High	Low	High
Exercise price (A$)	0.35	0.35	0.42	0.42	0.61	0.61
Expiry date	30 Nov 20	30 Nov 20	2 Aug 20	2 Aug 20	2 Aug 21	2 Aug 21
Share price*	0.39	0.51	0.39	0.51	0.39	0.51
Risk free rate	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Volatility	60%	60%	60%	60%	60%	60%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of options (millions)	16.7	16.7	0.5	0.5	3.3	3.3
Option value (A$m)	**1.6**	**3.2**	**0.0**	**0.1**	**0.2**	**0.4**
Option value (US$m)	**0.9**	**1.9**	**0.0**	**0.0**	**0.1**	**0.2**

Source: Nusantara, PwC Securities analysis
** for share price we have used our assessed minority interest value of a Nusantara Share post the Share Placement and Proposed Transactions.*

	Executive sign on		Listed option		Other options	
	Low	High	Low	High	Low	High
Exercise price (A$)	0.61	0.61	0.30	0.30	0.35	0.35
Expiry date	27 Jul 21	27 Jul 21	31 Jul 20	31 Jul 20	30 Nov 20	30 Nov 20
Share price*	0.39	0.51	0.39	0.51	0.39	0.51
Risk free rate	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Volatility	60%	60%	60%	60%	60%	60%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of options (millions)	0.7	0.7	18.0	18.0	5.6	5.6
Option value (A$m)	**0.0**	**0.1**	**1.9**	**3.9**	**0.5**	**1.1**
Option value (US$m)	**0.0**	**0.0**	**1.1**	**2.4**	**0.3**	**0.6**

Source: Nusantara, PwC Securities analysis
** for share price we have used our assessed minority interest value of a Nusantara Share post the Share Placement and Proposed Transactions.*

	Greg Foulis		Neil Whitaker		Neil Whitaker	
	Low	High	Low	High	Low	High
Exercise price (A$)	0.35	0.35	0.35	0.35	0.42	0.42
Expiry date	11 Jul 22	11 Jul 22	26 Aug 22	26 Aug 22	26 Aug 22	26 Aug 22
Share price*	0.39	0.51	0.39	0.51	0.39	0.51
Risk free rate	0.52%	0.52%	0.50%	0.50%	0.50%	0.50%
Volatility	60%	60%	60%	60%	60%	60%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Number of options (millions)	0.5	0.5	0.6	0.6	1.1	1.1
Option value (A$m)	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**
Option value (US$m)	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Source: Nusantara, PwC Securities analysis
** for share price we have used our assessed minority interest value of a Nusantara Share post the Share Placement and Proposed Transactions.*

Appendix G Glossary

Term	Definition
A$, or AUD	Australian dollars
AFSL	Australian Financial Services Licence
AMC	AMC Consultants Pty Ltd
APES	Accounting Professional and Ethical Standards
ASIC	Australian Securities and Investments Commission
Associate	has the meaning given in the Listing Rules
ASX	Australian Securities Exchange
AustralianSuper	AustralianSuper Pty Ltd
Board	means the current board of Directors of the Company
CAANZ	Chartered Accountants Australia and New Zealand
Capital IQ	S&P Global Market Intelligence
the Company	Nusantara Resources Limited
Corporations Act	Corporations Act 2001 (Cth)
Consensus Economics	Consensus Economics Inc
CoW	Contract of Work
CSA	CSA Global Pty Ltd
Cube Consulting	Cube Consulting Pty Ltd
CY	Calendar Year
DFS	Definitive Feasibility Study
Directors	means the directors of the Company
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPC	Engineering, Procurement and Construction
EV	Enterprise Value
Existing Indika Options	16,693,711 options granted to Indika Energy pursuant to the subscription agreement dated 12 December 2018, exercisable on, or before, 30 November 2020 at A$0.35 per Share
Explanatory Statement	means the explanatory statement to and forming part of the Notice of Meeting
Extraordinary General Meeting or Meeting	means the extraordinary General Meeting of the Company to be held on, or about, 27 April 2020
FEED	Front-End Engineering and Design

Term	Definition
FID	Final Investment Decision
FSG	Financial Services Guide
FY	Financial Year (1 January to 31 December)
Golder	Golder Associates (PT Geotechnical & Environmental Services Indonesia)
IDX	Indonesia Stock Exchange
Independent Technical Specialists' Report	Independent expert report of Nusantara regarding the technical assessment and valuation of resource held by PT Masmindo
IER	Independent Expert's Report
Indika Energy	PT Indika Energy Tbk
Indika Energy Share Options	The options issued to Indika Energy (or its nominee) under the Proposed Transactions
Indika Group	Indika Energy, Indika Mineral and Petrosea
Indika Mineral	PT Indika Mineral Investindo
JORC	Joint Ore Reserves Committee
Lion Selection	Lion Selection Group Limited
Listing Rules	means the official listing rules of ASX and Listing Rule means any one of them
Lorax	PT Lorax Indonesia
M	Millions
Minnovo	Minnovo Pty Ltd
MOU	Memorandum of Understanding
Non-associated Shareholders	All of the holders of outstanding shares in Nusantara that are eligible to vote on the Resolutions in the Notice of Meeting subject to this IER
Notice of Meeting	The notice sent to shareholders of Nusantara containing the explanatory statement required by the Corporations Act
Nusantara	Nusantara Resources Limited
Petrosea	PT Petrosea Tbk
Petrosea Share Options	The options issued to Petrosea under the Proposed Transactions
Placement	Nusantara's commitments to raise A$11 million via an equity placement (at A$0.34 per Nusantara share) to new and existing institutional and sophisticated investments
Placement Shares	Proposed issue of 10.5 million Shares at $0.34 per Share to Indika Mineral
PP&E	Property, Plant & Equipment
the Project	Awak Mas Gold Project
Project Equity Investment	Proposed direct equity interest by Indika Mineral in PT Masmindo of up to 40% for an investment into PT Masmindo of up to US$40 million
Project Information	The information pertaining to the Project provided by Nusantara

Term	Definition
Proposed Transactions	Nusantara announced the proposed Project Equity Investment to provide funding for the Project, pertaining to ASX announcement on 9 December 2019
PT Masmindo	PT Masmindo Dwi Area
PwC	PricewaterhouseCoopers
PwC Securities	PricewaterhouseCoopers Securities Ltd
Related Party	has the meaning given to that term in the Listing Rules
RG111	Regulatory Guide 111 Content of expert reports
RG112	Regulatory Guide 112 Independence of Experts
Salu Siwa	Salu Siwa Pty Ltd, a wholly owned Australian subsidiary of Nusantara
Share	An ordinary share in Nusantara
Shareholders	means the holders of shares in Nusantara
Share Placement	Indika Energy's commitment to take 10.5 million shares at A$0.34 per share for A$3.57 million (A$3.5 million net of broker fees)
Share Pledge	A share pledge of 20% of the shares in PT Masmindo to be provided by Salu Siwa as security in relation to the Stage 1 Deferred Payment
Share Options	The Indika Energy Share Options and the Petosea Share Options
SPP	Share Purchase Plan
SRK	SRK Consulting (Australasia) Pty Ltd
Stage 1 Deferred Payment	The deferred payment to Petrosea in respect of the FEED contract
Stage 2 Deferred Payment	The proposed deferred payment to Petrosea in respect of the EPC contact
Valmin Code	Valuation of Mineral Assets
Voting Power	Indika Group's relevant interest
VWAP	Volume Weighted Average Price
US$	United States dollars

Appendix H Financial services guide

PricewaterhouseCoopers Securities Ltd

This Financial Services Guide (**FSG**) is dated 24 March 2020.

About us

PwC Securities (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by Nusantara Resources Limited to provide a report in the form of an IER for inclusion in the Notice of Meeting.

You have not engaged us directly but have been provided with a copy of the IER as a retail client because of your connection to the matters set out in the IER.

This financial services guide

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration PwC Securities may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a time and cost basis and are approximately A$125,000.

Directors, authorised representatives or employees of PwC Securities, PwC, or other associated entities, may receive partnership distributions, salary or wages from PwC.

Associations with issuers of financial products

PwC Securities and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or PwC Securities may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (**FOS**), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

Compensation arrangements

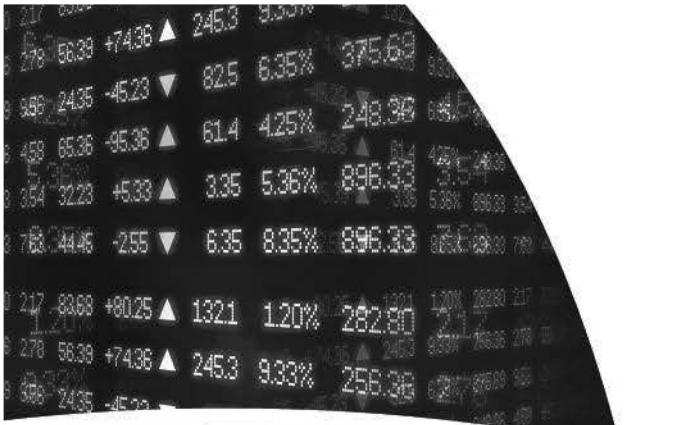
PwC Securities has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwC Securities (but who did at the time of the relevant conduct).

Contact details

PwC Securities can be contacted by sending a letter to the following address:

Mr Paul Hennessy
Authorised Representative
PricewaterhouseCoopers Securities Ltd
GPO Box D198
PERTH WA 6840

Appendix I Independent Technical Specialists' Report



CSA Global
Mining Industry Consultants

INDEPENDENT TECHNICAL SPECIALISTS' REPORT

Nusantara Resources Limited's Mineral Assets

CSA Global Report № R539.2019
18 March 2020

www.csaglobal.com

Report prepared for

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Project Name/Job Code	NUSITV01
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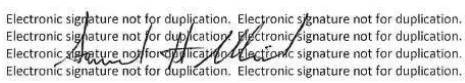
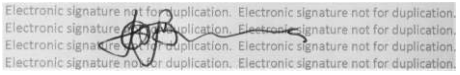
Author and Reviewer Signatures

Coordinating Author	Sam Ulrich BSc (Hons), GDipAppFinInv MAusIMM, MAIG, FFin	
Contributing Author	Terry Burns BAppSc (Geology) GDipEd PDGeosci (Mineral Economics) GDipEng (Mining) FAusIMM(CP)	
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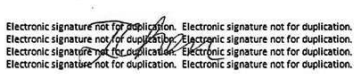
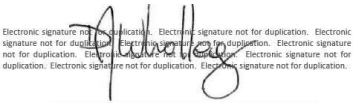
Peer Reviewer	Ivy Chen BAppSc (Geology), MAusIMM, GAICD	
CSA Global Authorisation	Stan Wholley BAppSc (geology), Graddip (Oenology) MAIG, MAICD	

Executive Summary

CSA Global Pty Ltd (CSA Global), a Member of the ERM Group of Companies, was commissioned by PricewaterhouseCoopers Securities Ltd (PwC) to prepare an independent Technical Assessment Report and Valuation of Nusantara Resources Limited's (Nusantara or the "Company") Mineral Assets, primarily the Awak Mas Gold Project (the "Project") located on the island of Sulawesi, Indonesia. PwC is valuing the main Awak Mas asset using an income approach and CSA Global is valuing the assets not forming part of the Awak Mas definitive feasibility study (DFS) mine plan.

This independent technical assessment and valuation report ("the Report") was prepared for PwC. The Report provides an opinion to support an Independent Expert's Report to be prepared by PwC, and has been prepared as a public document, in the format of an independent technical specialist's report and has been prepared in accordance with the JORC[1] and VALMIN[2] codes.

The Report provides a review of the Project Ore Reserves, Mineral Resources and exploration potential (Mineral Assets) of Nusantara and provides a market valuation of these Mineral Assets, outside of the Awak Mas DFS mine plan. CSA Global has used a range of valuation methodologies to reach a conclusion on the value of the Mineral Assets. Note that the valuation is of the Company's Mineral Assets and not the value of Nusantara as a company.

The Report will address the following scope of work:

- a review and valuation of all Assets which are not sufficiently progressed to utilise a discounted cash flow methodology;
- review the technical project assumptions and provide an assessment on the reasonableness of the following assumptions adopted in the life of mine (LOM) cash flow model ("Model"), namely:
  - the resources and reserves incorporated into the Model
  - mining physicals (including ore tonnes mined and mine life);
  - processing physicals (including ore tonnes processed and gold produced);
  - production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies);
  - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation, and contingency); and
  - any other relevant technical assumptions not specified above.

If CSA Global consider an assumption included in the Model to be unreasonable, CSA Global will advise PwC and provide advice to enable PwC to make the appropriate changes to the Model.

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 31 January 2020 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

CSA Global's valuations are based on information provided by Nusantara and public domain information. CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this Report is based. No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 31 January 2020. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition. Prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

[2] Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Awak Mas Gold Project

The Project is in the Luwu Regency of South Sulawesi Province, Indonesia. The Project is in the southwestern part of the island on the western side of the north end of the Gulf of Bone. The Project is comprised of one Contract of Work (CoW) covering an area of 143.9 km^2. Nusantara has a 100% beneficial ownership interest in the CoW, through its wholly owned Indonesian subsidiary, PT Masmindo Dwi Area (PT Masmindo).

The Project occurs at the approximate junction of the Eurasian, Pacific and Australian plates. The Project is situated in the West Sulawesi Arc, associated with the western and parts of the southern land mass of Sulawesi. A high level, low sulphidation hydrothermal system has developed at the Awak Mas deposit which is overprinted by a strong sub-vertical fracture control which has channelled the mineralising fluids.

The Project has total Mineral Resources of 45.3 Mt at 1.4 g/t Au for 2.0 Moz of gold. This Mineral Resource forms the basis for the Ore Reserves of 26.9 Mt at 1.32 g/t Au for 1.14 Moz of gold at a 0.5 g/t Au cut-off using a US$1,250/oz gold price.

Exploration has been primarily focused in the Mineral Resource areas. A number of high to moderate priority targets have been defined and remain poorly or untested within the greater COW area.

Mineral Resource Review

No fatal flaws were found during this review of the Mineral Resources for the Awak Mas Project, which included the Awak Mas, Salu Bulo and Tarra mineral deposits. The DFS Mineral Resource estimate by Cube Consulting Pty Ltd (May 2018), describes the Mineral Resource estimates which underpin this technical assessment.

Geological and mineralisation domain models are representative of the continuity of the mineralisation and are suitable for global estimation.

The selection of Localised Uniform Conditioning (LUC) for small block recoverable resources estimation is appropriate, given the relative data paucity at Awak Mas, Salu Bulo and Tarra deposits. LUC produces recoverable resources which are suitable for mining selectivity studies, mine design and scheduling.

Mineral Resource estimates are of a high standard and have been validated both qualitatively and quantitatively.

Mineral Resource classification is appropriately conservative, reflecting data paucity, and the resultant mineralisation domaining uncertainty and poor variography.

Mineral Resource classification is robust, having considered both quantitative and qualitative inputs.

Ore Reserves and Life of Mine Plan

The Project is currently envisaged to include two separate open pit mining areas (Awak Mas and Salu Bulo) where the ore from the pits will supply a standalone carbon-in-leach (CIL) gold plant with a nominal annual throughput capacity of 2.5 Mt.

The Ore Reserve for the Project is reported in accordance with the JORC Code. No mining has taken place at the Project and estimates are based solely on drilling and geochemical assay data returned from several phases of work over many years.

The Awak Mas open pit shell of 105 Mt of rock contains 23.7 Mt of ore grading 1.28 g/t Au with 977 koz of contained gold. The open pit is sensitive to changes in slope angle, and any unfavourable changes reduces the pit size and increases the strip ratio. Favourable changes to overall slope angle present similar ore quantities and lower quantities of waste but will not support a large pit shell on the DFS Ore Reserve because the discounted value of the design shell is significantly reduced.

Furthermore, CSA Global is of the opinion that ongoing de-pressurisation of the open pit walls will be essential to achieve the required stability levels as the operation progresses deeper with the life of mine.

Failure to do so would jeopardise the remaining Ore Reserve. This activity has been adequately scheduled and budgeted for in the life of mine plan.

The focus must be on managing the phreatic surface to ensure that it is well back behind the pit, as without this effort, the slope factors of safety will not be within the levels targeted by the mine design.

The Awak Mas open pit has been designed to be mined in three stages, where each mining stage will be developed from the top-down due to the unique geometry of the area. The Salu Bulo open pit is mined in one single stage early in the mine schedule. CSA Global supports this staged approach to mine development maximising the mining flexibility afforded by the cost-effective scheduling of ore and waste movements. The planned waste dumping into mined voids is endorsed as shorter haulage distances are required, potentially minimising truck fleet sizes or increasing existing fleet utilisation.

The first 10 months of mining activity is recognised in the schedule to be pre-production, with four months of pioneering followed by six months of mining that produces 4 Mt of total excavated rock (ore and waste). CSA Global is of the opinion that this pre-production schedule is ambitious and a delay of at least three months is considered possible considering the terrain and climate to be experienced by a new mine start-up.

CSA Global is of the opinion an instantaneous rate of vertical advance of 80 m is achievable but could be demanding. However, some uncertainty exists in the fact this average advance must be maintained over the 11 years of the mine life. On that basis, the scheduling could be considered aggressive in a LOM sense and adversely delay the mining schedule. The timing of any delays would be difficult to predict up-front but would be related to times of demanding equipment utilisation rates where operator and machine availability can be difficult to manage. Shortfalls are likely to be of a monthly or quarterly basis (if experienced late in the period) with some limited ability to "catch-up" any significant underperformance to achieve annual targets.

Limited changes in equipment sizes/capacities are recommended as significant changes in model capacities for the trucks and loading units can only increase the potential for inefficiency in the mine schedule.

Costs employed in Ore Reserves estimate assume that a mining contractor will be appointed to perform all mining operations, and Masmindo would provide overall mining management and technical support.

CSA Global is of the opinion that the mining costs are based on standard industry assumptions and techniques and are reasonable in terms of a DFS's ±15% accuracy range. However, CSA Global believes the operating cost model (including the capitalised mining costs incurred during the pre-production mining activities) to be at the lower end of what would normally be expected for an operation of this type and location.

Mineral Processing and Process Plant

The Nusantara DFS was undertaken in two distinct metallurgical phases. The financial and economic reports from the study only capture the Stage 1 developmental results and the implications of Stage 2, whilst entirely necessary to provide the Project with the required level of detail and confidence, have varied the financial impact.

Stage 1 yielded a project gold recovery of 91.1% Au and Stage 2 saw this improve to 93.3%. In achieving the elevated gold recovery and tightening the metallurgical diligence and definition of the Project, a number of key operating cost drivers saw significant increases.

It is estimated that the process operating cost will increase from the reported US$8.98 per tonne to somewhere in the range of US$10.00 per tonne. This approximate 10% increase in operating cost will be significantly offset by the increase in project gold recovery.

The Stage 2 testwork was undertaken on representative samples and conducted in a professional manner to improve the confidence of the previous and historical works in relation to the resource.

On review of the work conducted, only a few minor areas of the study could not be adequately defined to substantiate the Project costs. These are summarised as:

- Capital cost of the Project piping component is low, a capital cost estimate of US$2 million is more appropriate;

- Commissioning and ramp-up budget in relation to personnel to ensure process efficiency, availability achievement early in the Project and schedule. There may be a lack of key knowledge of the more highly specialised unit operations such as cyanide detoxification at the commissioning and early production stage of the Project. The commissioning personnel requirements should be reviewed to ensure the Project can achieve the current intended aggressive ramp-up schedule.

The Nusantara DFS was thorough in its disclosure and methodology and with high-quality management and operation, the Project implementation should fall in line within the costings reported in the DFS.

Comments on the Inputs to the Nusantara DFS Discounted Cash Flow Model

CSA Global is of the opinion that the mining costs have been built up using standard industry techniques and are reasonable in terms of a DFS's ±15% accuracy range. However, CSA Global believes the mining operating and capital costs to be at the lower end of what would normally be expected for an operation of this type and location.

CSA Global is of the opinion that the processing operating costs are reasonable at the revised cost per tonne, following additional metallurgical testwork. However, CSA Global believes the processing capital costs in the DFS are at the lower end of what would normally be expected for an operation of this type and location.

CSA Global considers that the development capital costs assumptions for the:

- Tailings storage facilities;
- Infrastructure and services;
- Establishment of site support functions
- Project execution
- Owners cost; and
- Contingency

Are reasonable in terms of the DFS's ±15% accuracy range.

Valuation of the Mineral Assets outside of the Project DFS mine plan

CSA Global was requested by PwC to provide a valuation of the Mineral Resources outside of the Project DFS mine plan and the exploration potential of the surrounding exploration ground in the Awak Mas CoW.

CSA Global's opinion on the Market Value of Nusantara's subsidiary PT Masmindo's Mineral Assets as at 31 January 2019 is summarised in Table 1.

Table 1: Awak Mas Gold Project valuation as at 31 January 2020 – Australian Dollars

Mineral Asset	PT Masmindo interest (%)	Valuation (A$ M)		
		Low	Preferred	High
Awak Mas and Salu Bulo Mineral Resources (not included in DFS mine plan)	100	0.7	2.2	3.7
Tarra Mineral Resource	100	0.8	1.5	2.2
Exploration ground surrounding Mineral Resources	100	1.5	2.7	4.9
Total	**100**	**3.0**	**6.4**	**10.7**

Note: The valuations have been compiled to an appropriate level of precision and minor discrepancies related to rounding may occur.

There is significant range in the values derived for the Company's Project. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the Project, given the uncertainties inherent in valuing early-stage exploration and pre-development projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

For comparison, CSA Global has also provided its opinion on the market value of the Project in US$ (Table 2).

Table 2: Awak Mas Gold Project valuation as at 31 January 2020 – US Dollars

Mineral Asset	PT Masmindo Interest (%)	Valuation (US$ M)		
		Low	Preferred	High
Awak Mas and Salu Bulo Mineral Resources (not included in DFS mine plan)	100	0.5	1.5	2.5
Tarra Mineral Resource	100	0.6	1.1	1.5
Exploration ground surrounding Mineral Resources	100	1.0	1.9	3.4
Total	**100**	**2.1**	**4.4**	**7.5**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

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1 Introduction

1.1 Context, Scope and Terms of Reference

Nusantara Resources Limited (Nusantara or the "Company") is a gold exploration and development company and owner of the Awak Mas Gold Project (the "Project") on the island of Sulawesi, Indonesia. The Project contains three gold deposits; Awak Mas, Salu Bulo and Tarra. Total resources are reported to be 2.0 Moz at an average grade of 1.4 g/t Au. The surrounding exploration ground is considered prospective for gold.

Nusantara has completed a definitive feasibility study (DFS) at the Project, with Ore Reserves estimated. Total Probable Ore Reserves at a O.5 g/t Au cut-off using a US$1,250/oz gold price are 1.1 Moz at an average grade of 1.32 g/t Au.

PricewaterhouseCoopers Securities Ltd (PwC) has been engaged by the Independent Directors of Nusantara to prepare an Independent Expert's Report on certain aspects of proposed transactions announced by Nusantara on 9 December 2019 and the Placement to Indika Mineral announced by the Company on 13 December 2019, pursuant to Section 611 item 7 of the Corporations Act and ASX Listing Rule 10.1. The Independent Expert's Report is to be included in an Explanatory Statement and Notice of Meeting to be sent to the shareholders of Nusantara. For more details concerning the scope and purpose of the Independent Expert's Report please refer to the Explanatory Statement and Notice of Meeting and to the Independent Expert's Report prepared by PwC.

This Independent Technical Assessment and Valuation Report (the "Report") was prepared for PwC and provides an opinion to support an Independent Expert's Report to be prepared by PwC. This Report has been prepared as a public document, in the format of an independent technical specialist's report, and has been prepared in accordance with the JORC and VALMIN codes.

The Report provides a review of the Project Ore Reserves, Mineral Resources and exploration potential (Mineral Assets) of Nusantara and provides a market valuation of these Mineral Assets, not included in the Awak Mas DFS mine plan. CSA Global Pty Ltd (CSA Global), a Member of the ERM Group of companies has used a range of valuation methodologies to reach a conclusion on the value of the Mineral Assets. Note that the valuation is of the Company's Mineral Assets and not the value of Nusantara as a company.

The Report will address the following scope of work:

- a review and valuation of all Assets which are not sufficiently progressed to utilise a discounted cash flow methodology;
- review the technical project assumptions and provide an assessment on the reasonableness of the following assumptions adopted in the life of mine (LOM) cash flow model ("Model"), namely:
  - the resources and reserves incorporated into the Model
  - mining physicals (including ore tonnes mined and mine life);
  - processing physicals (including ore tonnes processed and gold produced);
  - production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies);
  - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation, and contingency); and
  - any other relevant technical assumptions not specified above.

If CSA Global consider an assumption included in the Model to be unreasonable, CSA Global will advise PwC and provide advice to enable PwC to make the appropriate changes to the Model.

1.2 Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code 2015[3], which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC Code[4] and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and Australian Securities Exchange (ASX) that pertain to Independent Experts' Reports.

The authors have taken due note of the rules and guidelines issued by such bodies as ASIC and ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Principal Sources of Information

The Report has been based on information available up to and including 31 January 2020. The information was provided to CSA Global by Nusantara, or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to Nusantara's Project.

The authors have endeavoured, by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data upon which the Report is based.

CSA Global did not undertake a site visit to the Project in the preparation of this report. In the last couple of years, CSA Global team members have visited the Awak Project and, with team members operational experience in Indonesia, it was considered that no additional benefit would have been gained from undertaking a site visit for the preparation of this Report.

Tenement information on the Project was provided by independent legal firm Linda Widyati & Pusponegoro (LWP), details are provided in Section 2.3. CSA Global relies on the independent report of LWP dated 31 January 2020, with regards to the validity of the Contract of Work (CoW), which is the basis of the Project mining tenement. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

1.4 Authors of the Report – Qualifications, Experience and Competence

The Report has been prepared by CSA Global, a privately-owned consulting company, that has been operating for over 30 years; with its headquarters in Perth, Western Australia.

CSA Global provides multidisciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation, to exploration, resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

The information in this Report that relates to the Technical Assessment of the Mineral Resources reflects information compiled and conclusions derived by Mr Anthony Wesson who is a Fellow of the AusIMM. He is not a related party or employee of Nusantara. Mr Wesson has sufficient experience relevant to the Technical Assessment of Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC and VALMIN codes. Mr Wesson consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Mr Sam Ulrich who is a Member of the AusIMM and AIG. He is not a related party or employee of Nusantara. Mr Ulrich has sufficient experience relevant to

[3] *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition*. Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

[4] *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition*. Prepared by: the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the VALMIN Code. Mr Ulrich consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment of Mineral Resources of Nusantara's Awak Mas Gold Project was completed by CSA Global Principal Resource Evaluation Consultant, Anthony Wesson (GDipEng (Mineral Economics), BComm, GDipEng (Mining), FAusIMM). Mr Wesson has over 40 years' experience in operations, planning, consulting and corporate roles. Mr Wesson's strengths include mineral resource estimation and the application of advanced geostatistical methods, reconciliation, sampling theory and implementation, geometallurgy, due diligence, corporate governance and technology research and development. Mr Wesson has global experience across a range of commodities and styles of mineralisation. He has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The Mining Assessment of the Project in this Report was completed by CSA Global Principal Corporate Consultant, Terry Burns BAppSc (Geology) GDipEd PDGeosci (Mineral Economics) GDipEng (Mining) FAusIMM(CP). Mr Burns is a geoscientist, mineral economist and mining engineer with more than 35 years' experience in the discovery, development, operation and investment assessment of a diverse range of commodities as either open pit and/or underground operations. His broad Australian and International experience includes discovery, geology, geometallurgy, mine engineering, project development, business and mine planning, mineral resource and ore reserve estimation, financial analysis and the project management of both integrated and individual projects. Mr Burns has the relevant qualifications, experience, competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The analysis of the metallurgy and processing was conducted by Mr Steve Hoban and Mr Tony McKay. Mr Hoban has over 20 years' experience in the mining industry. His main areas of expertise are in commissioning, project design, circuit optimisation and training. Mr Hoban's experience covers crushing, grinding, beneficiation and mineral separation, flotation, thickening, solvent extraction/electrowinning, and smelting. He has worked both in Australia and overseas in several commodities including gold, nickel, mineral sands, tin/tungsten and uranium. Mr Hoban's expertise also extends to system management, training and business development as well as maintaining technical excellence within the consultancy by acting as project sponsor and corporate liaison across many of the consulting division's current projects.

Mr McKay has experience in the design, execution, commissioning and operation of processing plants. He has spent 10 years working in operations. Mr McKay's operational experience includes both Australian and overseas locations. In addition to his operational experience, Mr McKay has worked in engineering in both a technical and business development role, a processing equipment supplier and prior to that for a metallurgical contracting company that specialised in providing personnel for short to medium term contracts. This allowed him to be exposed to a large variety of minerals and operational philosophies

The valuation of Mineral Resources and Exploration Tenure was completed by CSA Global Principal Consultant, Mr Sam Ulrich (BSc (Hons), GDipAppFin, MAusIMM, MAIG, and FFin). Mr Ulrich has over 20 years' experience in mineral exploration and corporate services. His exploration experience ranges from grassroots to near mine resource development in Australia and Asia. Mr Ulrich is part of CSA Global's corporate team primarily working on transactions. He provides geological due diligence, independent technical reporting for mergers and acquisitions, and company listings, as well as acting as Competent Person under the JORC Code for a range of Exploration Results in gold, base metals, and uranium. Mr Ulrich is a valuation expert and VALMIN specialist, delivering technical appraisals and valuations for independent expert reports, target statements, schemes of arrangement, stamp duty assessments, asset impairments, and due diligence exercises on projects worldwide. He has extensive experience in the exploration and development of Archaean orogenic gold deposits, which combined with his mineral economics research into Australian gold mines, provides him with specialist skills in applying economic/valuation criteria to exploration targeting and ranking, and the valuation of mineral assets. Mr Ulrich has the relevant qualifications, experience,

competence, and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The reviewer of this Report is CSA Global Principal Geologist, Ivy Chen BAppSc (Geology), MAusIMM, GAICD. Ms Chen is a corporate governance specialist, with over 30 years' experience in mining and resource estimation. She served as the national geology and mining adviser for ASIC from 2009 to 2015. Ms Chen's experience in the mining industry in Australia and China as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on the Australian, Singapore, Hong Kong and UK stock exchanges. Ms Chen is a company director in the ASX junior resources listed space and is a member of the VALMIN Committee.

1.5 Prior Association and Independence

The authors of this Report have had a prior association with the Mineral Assets of Nusantara. CSA Global completed the Independent Technical Assessment Report for when Nusantara listed on the ASX in August 2017. Neither CSA Global, nor the authors of this Report, have or have had previously, any other material interest in Nusantara or the mineral properties in which Nusantara has an interest. CSA Global's relationship with Nusantara is solely one of professional association between client and independent consultant.

CSA Global is an independent consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report. The fee for the preparation of this Report is approximately A$68,000.

No member or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of Nusantara. No member or employee of CSA Global has, or has had, any material shareholding in Nusantara. There is no formal agreement between CSA Global and Nusantara in relation to CSA Global conducting further work for Nusantara.

1.6 Declarations

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The Report has been compiled based on information available up to and including the date of the Report.

The statements and opinions are based on the reference date of 31 January 2020 and could alter over time depending on exploration results, mineral prices, and other relevant market factors. In CSA Global's opinion, nothing material has occurred up to the date of this Report, since the valuation date to affect CSA Global's technical review and valuation opinion.

The opinions expressed in the Report have been based on the information supplied to CSA Global by Nusantara. The opinions in the Report are provided in response to a specific request from PwC to do so. CSA Global has exercised all due care in reviewing the supplied information. Whilst CSA Global has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. CSA Global does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in the Report apply to the site conditions and features, as they existed at the time of CSA Global's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of the Report, about which CSA Global had no prior knowledge nor had the opportunity to evaluate.

CSA Global's valuations are based on information provided by Nusantara and public domain information. This information has been supplemented by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data.

CSA Global considers that its opinion must be considered as a whole and that selecting portions of the analysis, or factors considered by it, without considering all factors and analyses together could create a misleading view of the process underlying the opinions presented in this report. The timing and context of an independent valuation report is complex and does not lend itself to partial analysis or selective interpretations without consideration of the entire Report.

CSA Global has no obligation or undertaking to advise any person of any development in relation to the mineral assets which comes to its attention after the date of this Report. CSA Global will not review, revise or update the Report, or provide an opinion in respect of any such development occurring after the date of this Report.

No audit of any financial data has been conducted.

The valuations discussed in the Report have been prepared at a valuation date of 31 January 2020. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

2 Awak Mas Gold Project

2.1 Location and Access

The Project is situated close to Ranteballa Village located in the Luwu Regency of South Sulawesi Province, Indonesia (Figure 1). The Project is in the southwestern part of the island on the western side of the north end of the Gulf of Bone, with a centre point of the Project at approximately 120°5'E and 3°20'S (WGS84). The closest significant town is Palopo, located approximately 67 km to the north-northeast.

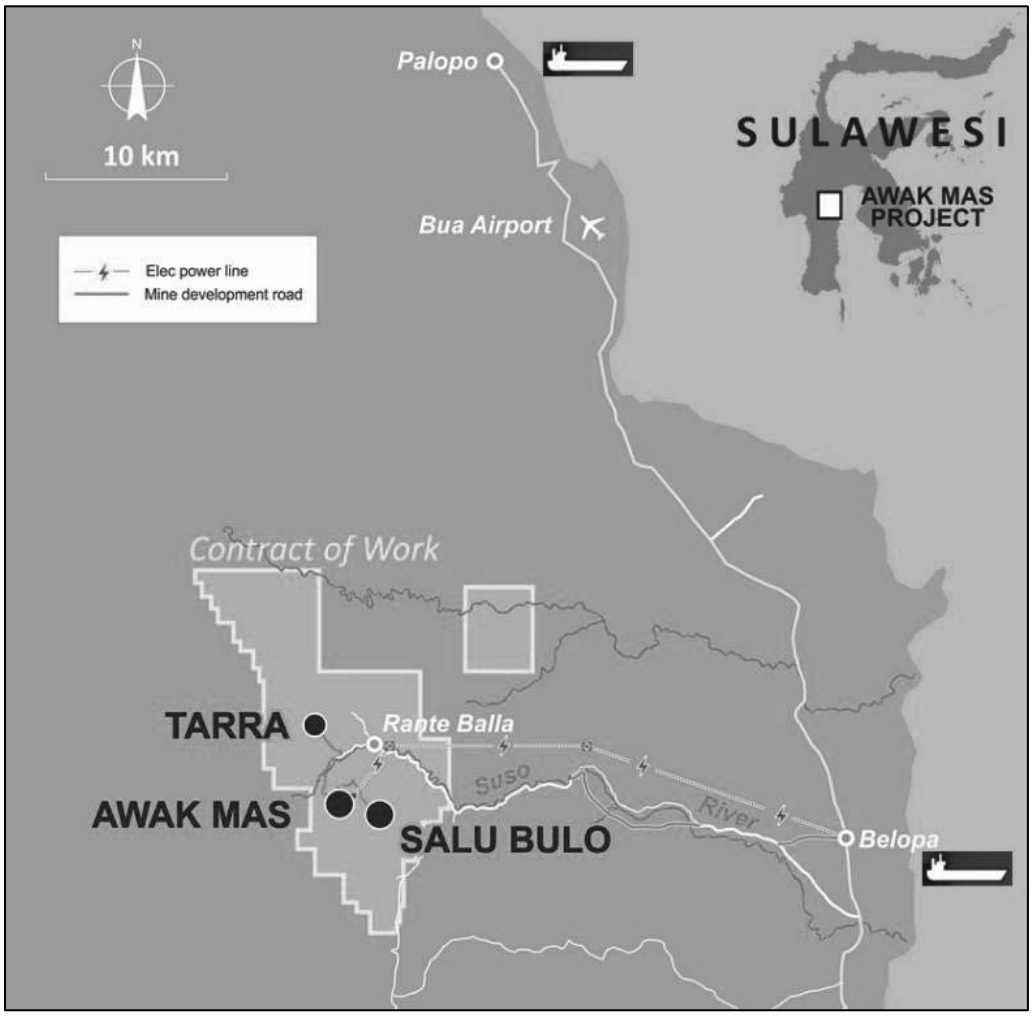

Figure 1: Location of the Awak Mas Gold Project
Source: Nusantara Resources Limited 2018 Annual Report

From Makassar, the capital city of South Sulawesi, the Project site can be reached by road via the Trans-Sulawesi Highway at a distance of approximately 350 km (6–8 hours driving time). The site can also be accessed via the Bua regional airport in Palopo (50 minutes flight from Makassar) and subsequent travel by road to site at a distance of approximately 70 km (2.5–3 hours driving time). The site is accessible via a partially paved road from the highway along the eastern coast of the province from Belopa. This road heads westward, passes through several villages and follows the Suso River to the Project site.

2.2 Climate and Physiography

Located approximately 200 km south of the equator, the climate is typical maritime monsoonal, with the rainy season associated with hot wet summer producing approximately 3,200 mm of rain, and temperatures averaging between 18°C and 27°C. July to October cover a drier period with winters generally milder and drier.

The Project occurs in an area of high topographic relief with steep razorback ridges and steep slopes ranging in elevation from near sea level to as high as 3,400 m. The Awak Mas deposit itself, at surface, ranges in elevation from about 800 m to 1,450 m. The western portion of the CoW is more rugged, with the eastern part of the property showing slightly more subdued topography. Slopes as steep as 30° are common in the western part of the CoW.

Most of the Project area is covered by secondary forest. Extensive subsistence farming occurs mostly in the eastern lowland areas of the CoW along the rivers and roads for such products as coffee and cloves.

2.3 Ownership and Tenure

The Project is held under a 7th generation CoW signed with the Government of Indonesia in 1998. The CoW covers an area of 14,390 ha and is held by Nusantara's 100% owned local subsidiary company, PT Masmindo Dwi Area (Masmindo) (see Table 3 and Figure 2).

Table 3: Awak Mas Project tenure

Tenement ID	Area (ha)	Grant date	Expiry date	Holder
7th generation CoW	14,390	19 February 1998	19 June 2050	PT Masmindo Dwi Area

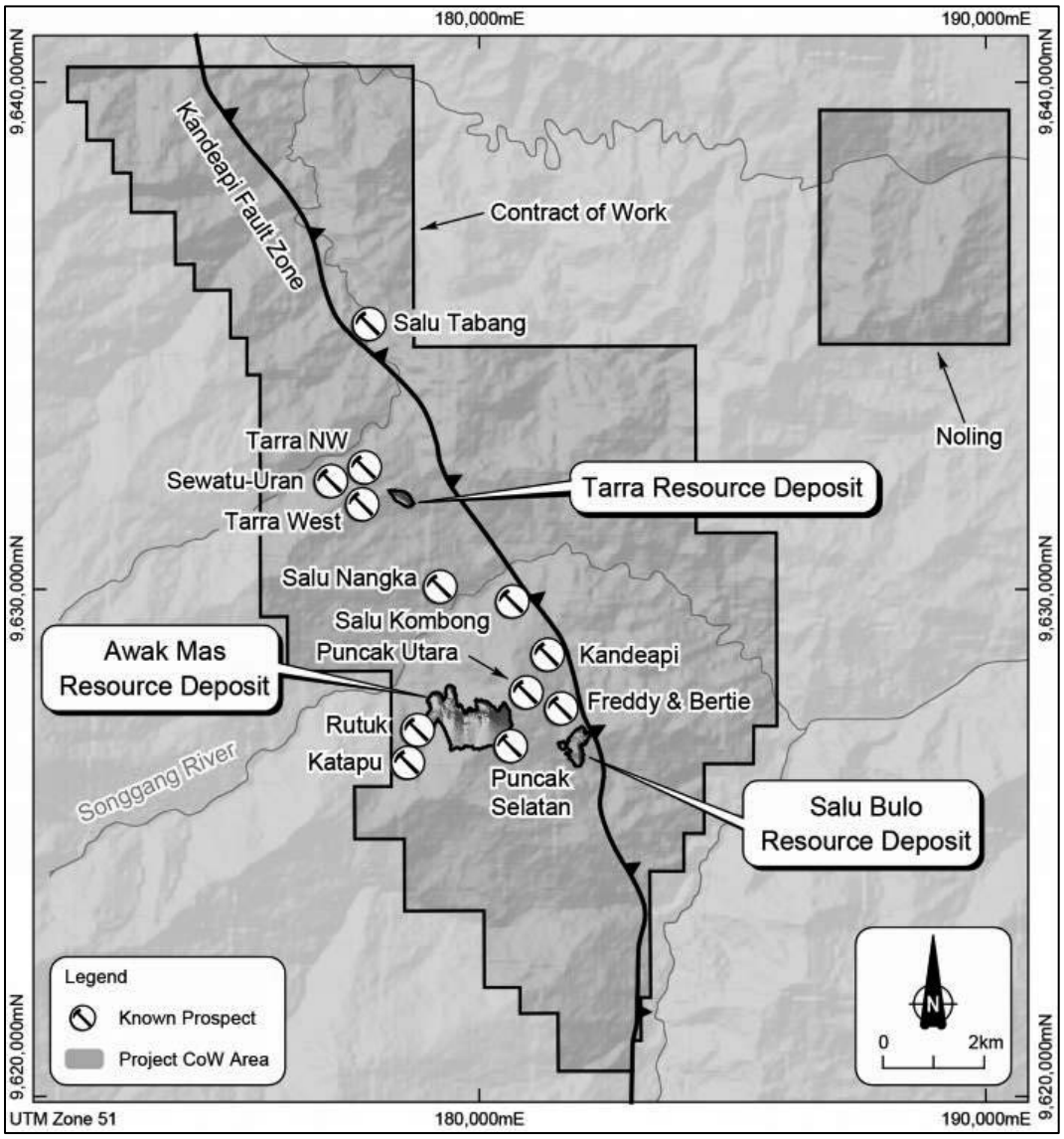

Figure 2: Awak Mas Gold Project CoW

Source: Nusantara Resources Limited 2018 Annual Report

On 14 March 2018, Masmindo signed an amendment to the CoW, with the Government of Indonesia.

The amendment re-affirms Masmindo as the legal holder of the CoW with the sole rights to explore and exploit mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining operation and production business licence (IUPK-OP), in accordance with the prevailing laws and regulations, which allows for two 10-year extensions.

The independent tenement report by LWP (Section 1.3) confirmed the validity, ownership and good standing of Nusantara's Awak Mas Gold Project CoW.

2.4 Royalty Agreement

Masmindo has agreed to pay Vista Gold Corp. a royalty of 2.0% of Net Smelter Returns (NSR) on the first 1,250,000 ounces of gold produced from the Project and 2.5% on the next 1,250,000 ounces of gold produced from the Project. Masmindo has the right to cancel payment of the royalty by paying a certain amount to Vista Gold Corp.

2.5 Geology

The area of Sulawesi in which the Awak Mas deposit is located occurs at the approximate junction of the Eurasian, Pacific and Australian plates. A complex history of multiple collisions and subduction, which commenced during the Cretaceous and extends through to the Cainozoic, has resulted in compressional, extensional and strike slip faulting in the Project area (Archibald *et al.,* 1996; Querubin and Walters, 2012).

The Project is situated in the West Sulawesi Arc, associated with the western and parts of the northern land mass of Sulawesi (Figure 3). The oldest rock in the region consists of likely Late Cretaceous age metamorphic rocks, including schists, slates, and shales, which include some high pressure, low-temperature assemblages such as glaucophane-lawsonite schists. White *et al* (2017) review the evidence for the age of these rocks, which they call the Latimojong Metamorphic Complex. Also included in this assemblage are tectonically interposed meta-igneous rocks such as amphibolite, meta-gabbro, and meta-granitoids (White *et al.,* 2017), but the ages of these tectonically juxtaposed rocks are less well known (White *et al.,* 2017). White *et al.,* (2017) discuss the Latimojong Mountains and differentiate between the Latimojong Metamorphic Complex and the overlying Latimojong Formation, which is postulated to unconformably overlie the Latimojong Metamorphic Complex, although this juxtaposition has not been observed directly.

To the west of the Latimojong Metamorphic Complex lies a tectonically overthrust or obducted group of mafic to intermediate composition igneous rocks which lie between the Awak Mas region and Bone Bay (Querubin and Walters, 2012; White *et al.,* 2017). This suite of rocks has been named the Lamasi Complex, and also includes serpentinite, layered gabbro, isotropic gabbro, microdiorite, basaltic sheeted dykes, pillow lavas, hyaloclastites, tuffs, and volcaniclastic breccias (Coffield *et al.,* 1993; Bergman *et al.,* 1996). The presence of these lithologies have led to the interpretation that these rocks represent an ophiolite sequence (oceanic crustal rocks) that have been obducted or overthrust over the Latimojong Metamorphic Complex. The Lamasi Complex is likely of Cretaceous to Oligocene age (White *et al.,* 2017).

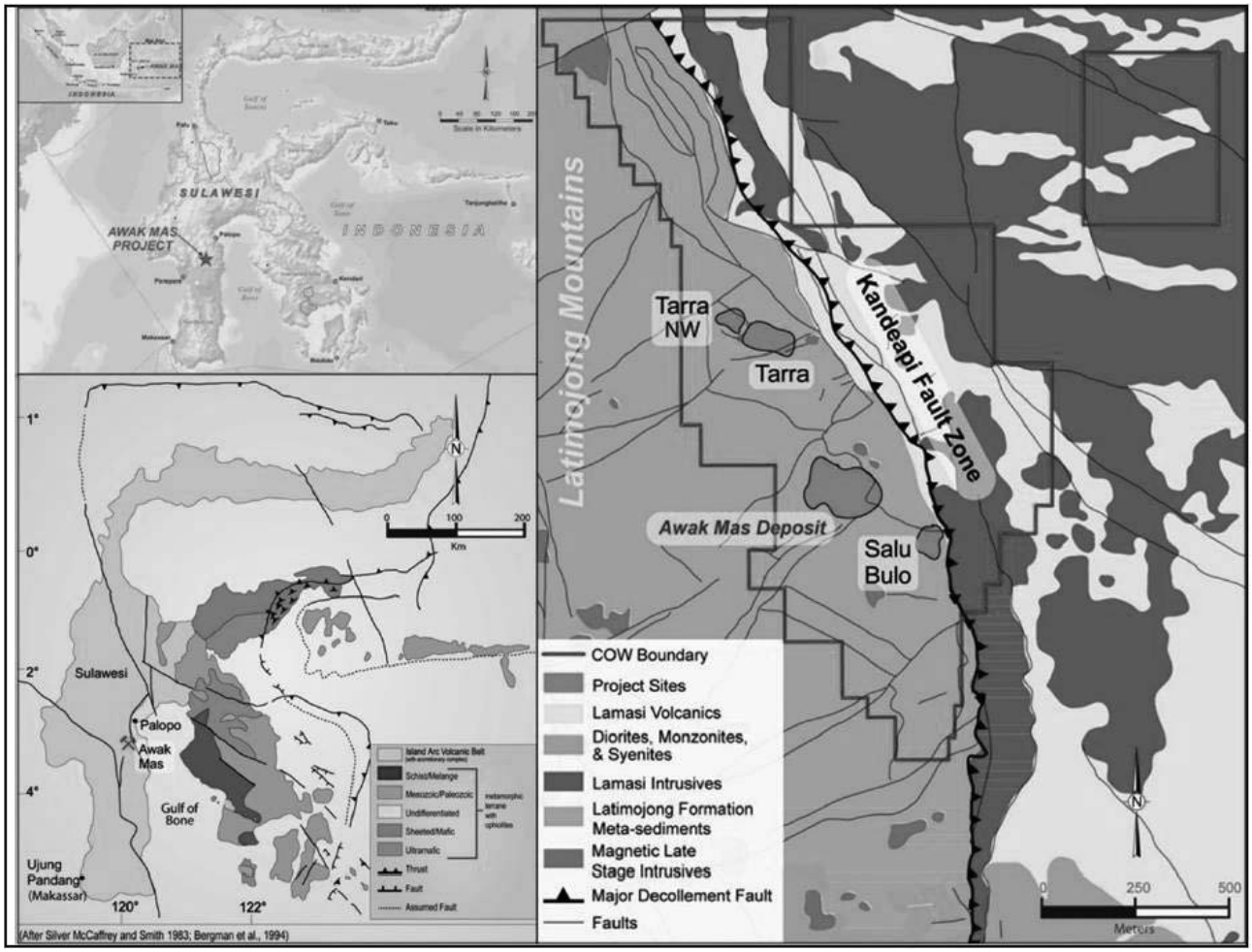

Figure 3: Regional geological setting

2.5.1 Awak Mas Geology

Host lithologies for mineralisation are the cover sequence of meta-sedimentary rocks and to a lesser degree the underlying basement sequence of diorites and biotite dominant schists. The Cover and Basement sequences are separated by an unconformable and sheared thrust contact.

A high level, low sulphidation hydrothermal system has developed at the Awak Mas deposit which is overprinted by a strong sub-vertical fracture control which has channelled the mineralising fluids. The mineralising fluids have exploited these pathways and migrated laterally along foliation parallel shallowly dipping favourable strata. In addition to the conformable style of mineralisation, there is a late stage hydrothermal overprint that has also deposited gold in some of the major sub-vertical structures. The multi-phase gold mineralisation is characterised by milled and crackle breccia, vuggy quartz infill, and stockwork quartz veining with distinct sub-vertical feeder structures.

The Awak Mas deposit consists of five broad geologically based mineralised areas, which from west to east are Mapacing, Ongan, Lematik, Tanjung and Rante. These predominantly north-south to northeast striking zones lie adjacent to each other, cover an extent of 1,450 m east-west by 1,050 m north-south and extend to a maximum tested vertical depth of 400 m.

The complex interaction of multi-phased stockwork and breccia mineralisation associated with at least two dominant structural orientations (shallow thrusts and sub-vertical feeders) results in rapid local changes in the grade tenor and orientation at a scale of less than the current average drillhole spacing (25–50 m).

2.5.2 Salu Bulo Deposit

The satellite Salu Bulo gold deposit is located 2.5 km to the southeast of the main Awak Mas deposit and hosts a number of mineralised quartz vein breccia structures referred to as the Biwa, Bandoli and Lelating trends.

The Salu Bulo deposit consists of three main north-south trending mineralised corridors, which from west to east are Lelating, Biwa North and Biwa South. Primary bedding dips between 25° and 85° towards the east and northeast, with the foliation developed parallel to bedding except near faults.

The mineralisation is hosted within a sequence of chloritic and intercalating hematitic meta-sedimentary rocks, with the two primary structural orientations being dominant sub-vertical north-south anastomosing structures, and foliation parallel low angle thrusts.

The ladder stockwork vein system developed at Salu Bulo deposit is analogous to that at Awak Mas deposit where there is inherent complexity of two mineralisation orientations, and short scale grade continuity at generally less than the drillhole spacing (25–50 m drill collar centres).

The multi-phase gold mineralisation is characterised by milled and crackle breccias, vuggy quartz infill, and stockwork quartz veining with distinct sub-vertical feeder structures. Gold mineralisation typically occurs with minor disseminated pyrite (<3%) within sub-vertical quartz veins, breccias and stockwork zones.

The mineralised domains at Salu Bulo deposit are orientated north-south and have an overall combined strike length of approximately 800 m.

2.5.3 Tarra Deposit

The Tarra deposit lies approximately 4.5 km north of the main Awak Mas deposit. The mineralisation style at Tarra is considered to be analogous to that at the Awak Mas deposit, but with a more dominant sub-vertical structural control.

The Tarra deposit consists of a single 10–50 m wide, northwest-trending, sub-vertical structurally controlled mineralised zone in the hangingwall of the Tarra Basal Fault. The mineralised zone is tabular and has an overall strike length of approximately 480 m, dips 70° to the northeast and extends to 300 m below the surface with the top of the mineralisation capped by a cover of colluvium.

Gold mineralisation occurs in a 30 m silicified zone at the footwall of the fault and along quartz-pyrite filled fractures in the sandstone. Silica-albite-calcite-pyrite alteration is associated with veins, stockworks and zones of the silicified breccias.

2.6 Exploration History

Numerous companies have completed exploration on the property since 1987, when gold potential was recognised due to local artisanal mining. Reconnaissance stream sediment sampling further constrained this potential in 1987 within the initial CoW. Follow-up work completed between 1988 and 1990 included regional sampling, geological mapping, airborne magnetics, soil geochemistry and drilling. This work identified six discrete anomalies within the CoW.

2.6.1 Awak Mas Area

The Awak Mas deposit was discovered by rock chip sampling following regional stream sediment sampling in the late 1980s. The area has been extensively explored by several operators since the first drillhole was completed at the Awak Mas deposit by Battle Mountain Gold Company (Battle Mountain) in 1991. Significant exploration completed at the Project has included geological mapping, soil, channel and rock chip sampling, geophysical surveys and drilling. Since the discovery of Awak Mas by Battle Mountain in 1991, a number of historical resource assessments have been completed.

Previous exploration work in the Project area includes systematic exploration by several operators, including Asminco and New Hope in 1987, followed by Battle Mountain, Lone Star, Gasgoyne, JCI, Masmindo Mining Corporation (Masmindo Mining) and Placer Dome between 1991 and 2004.

Vista Gold and One Asia have undertaken the most recent exploration work between 2004 and 2013, which has included the compilation and cataloguing of historical data, completion of significant infill resource drilling, and re-estimation of the contained classified resources.

A historical Mineral Resource was estimated by Tetra Tech in 2013, it was based on the results of the One Asia infill and metallurgical testwork drilling program and was reported in accordance with the JORC Code (2012) guidelines.

2.6.2 Salu Bulo Area

Previous exploration work at Salu Bulo has been characterised by surface geochemical studies and geological mapping, which identified a series of steeply dipping mineralised targets, striking approximately north-south.

Prior to One Asia, the most recent exploration work was conducted by Placer Dome in 1999, who completed a core drilling program based on the surface exploration results.

Infill diamond core drilling by One Asia in 2011–2013 resulted in the completion of a Mineral Resource estimate by Tetra Tech which was reported in accordance with the JORC Code (2012) guidelines.

2.6.3 Tarra Area

From 1988 to 1996, regional reconnaissance survey undertaken by Battle Mountain resulted in the discovery of the Awak Mas deposit and identified a number of stream sediment anomalies in the vicinity of the Tarra prospect. A subsequent regional soil geochemical survey over the Tarra region delineated numerous gold anomalies.

From 1996 to 1999, firstly Masmindo Mining and then Placer Dome conducted geochemical surveys, consisting of trenching and surface traverse sampling, coupled with diamond and reverse circulation (RC) drilling at the Tarra deposit.

A historical Mineral Resource estimate was completed in 2015 by One Asia and reported in accordance with the JORC Code (2012) guidelines.

2.7 Exploration Potential

Nusantara has divided the exploration potential of the Awak Mas CoW into three zones; Greenfields, Brownfields and Near Mine (Figure 4).

2.7.1 Near Mine and Brownfields Potential

CSA Global considers that there remain limited material upside opportunities for extension of mineralisation at the main Awak Mas deposit with the exception of the eastern down-dip mineralisation. Salu Bulo has limited material upside potential. Tarra remains open down dip and along strike but requires an assessment of the economics given its location on the opposite side of the main valley and low-grade nature.

The recently available light detection and ranging (LiDAR) survey has provided significant additional insight into the Awak Mas Project mineral system, particularly in respect to large-scale controlling structures. This has implications for additional mineralisation in close proximity to the currently defined deposits.

2.7.2 Greenfields Potential

A number of high to moderate priority targets have been defined and remain poorly or untested within the greater CoW, suggesting a reasonable probability that additional economic mineralisation exists to be discovered.

The LiDAR, in conjunction with potassium radiometric data, suggests additional areas of exploration potential.

- Awak Mas South: An area in the valley on the opposite side of the high wall to Awak Mas correlates to the area in which the down-dip extension of the main thrust, related to eastern deep mineralisation, would daylight. No work has been completed in this area.
- Further south, the LiDAR defines an area showing similar, extension related structural characteristics to the Awak Mas deposit over which not work has been completed.

Regionally to the east of the fault contact with the hangingwall ophiolite sequence, this has traditionally been considered not prospective. However, a combination of historical panned concentrate results from the Noling area of the CoW and anecdotal evidence that alteration extend into this stratigraphy suggests there may be potential within this geological domain. The shallow dip of the main thrust, and the deeply incised nature of the terrane, may also be permissive of the exposure of the more prospective basement stratigraphy.

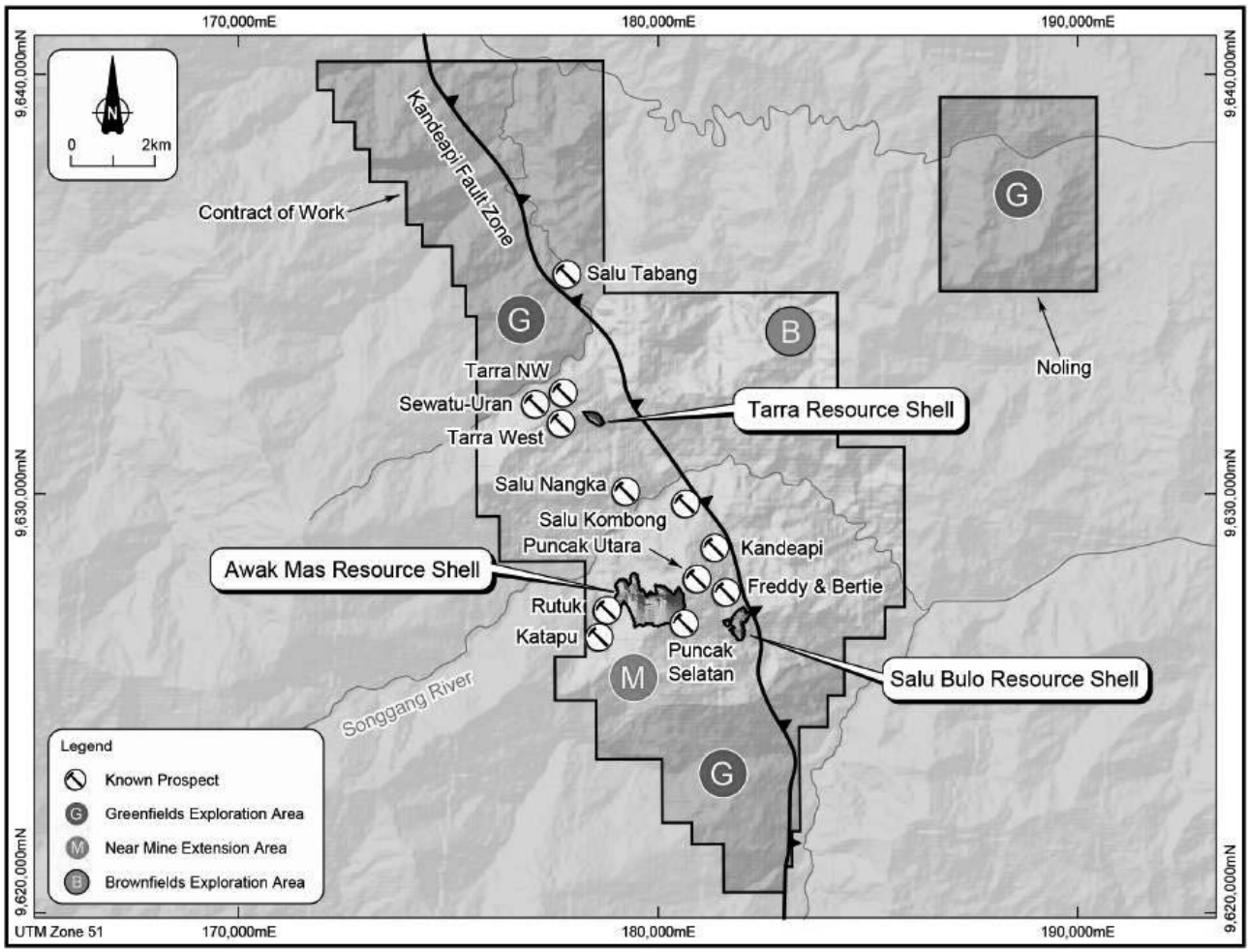

Figure 4: Exploration potential

2.8 Mineral Resources

Mineral Resource estimation is highly dependent on reliable geological and mineralisation domaining. There has been much comment about domaining uncertainty related to the interplay between the foliation-parallel domains which are typically broad, coherent and relatively continuous zones of mineralisation and higher-grade material localised along and proximal to these subvertical main feeder zones. The uncertainty related to the domaining is mentioned in several consultants reports (McDonald Speijers, 1997; AMC Consultants, 2017; Cube, 2017, 2018, 2019; CSA Global, 2017; SRK, 2019) with the general opinion that the drillhole spacing at Awak Mas and Salu Bulo is insufficient in coverage to clearly define the estimation domains

separately for the subvertical and generally higher grade domains juxtaposed against the shallow dipping and potentially slightly lower-grade domains. A conclusion and recommendation that emanates from these reports is that closer spaced drilling is required to enable "better" domaining and local improvement in grade estimation.

Table 4: Awak Project Mineral Resource estimates as at May 2018 are reported at an 0.5 g/t Au cut-off and constrained within a US$1,400/oz pit shell

Deposit	Classification	Tonnes (Mt)	Au grade (g/t)	Contained gold (Moz)
Awak Mas	Measured	-	-	-
	Indicated	36.4	1.4	1.62
	Inferred	3.1	1.0	0.10
	Subtotal	**39.5**	**1.4**	**1.72**
Salu Bulo	Measured	-	-	-
	Indicated	2.9	1.7	0.16
	Inferred	0.6	1.1	0.03
	Subtotal	**3.6**	**1.6**	**0.18**
Tarra	Measured	-	-	-
	Indicated	-	-	-
	Inferred	2.3	1.3	0.10
	Subtotal	**2.3**	**1.3**	**0.10**
TOTAL	Measured	-	-	-
	Indicated	39.3	1.4	1.78
	Inferred	6.0	1.1	0.22
	GRAND TOTAL	**45.3**	**1.4**	**2.00**

Figure 5 is a schematic diagram of steep and flat-lying mineralisation features at Awak Mas which was built on the base maps of EHW (1997) and incorporates ideas from McDonald Speijers (1997) and Williams (2015).

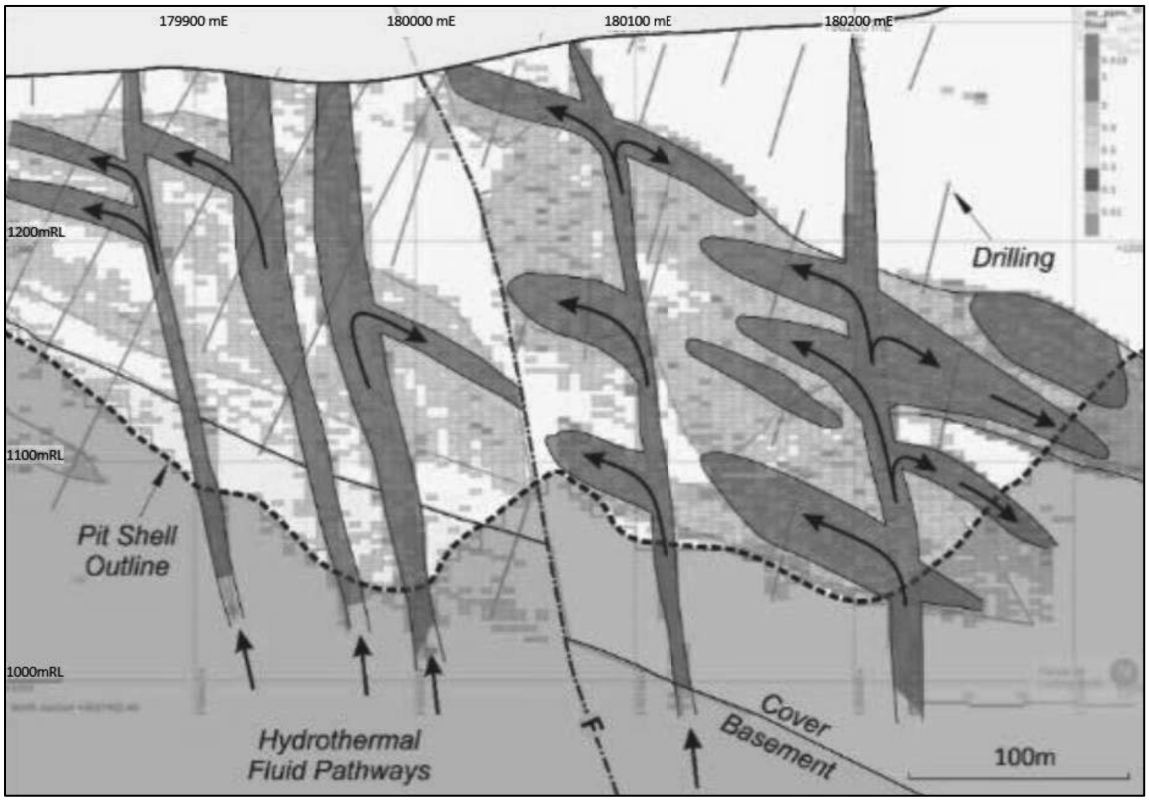

Figure 5: Conceptual mineralisation from Nusantara (2018)

Subsequent to completion of the DFS Mineral Resource estimate, Cube Consulting Pty Ltd (Cube) (2019) was commissioned to undertake a "worst-case" scenario with respect to the orientation of the mineralisation during which the estimation parameters for the broad foliation-parallel domains were rotated from flat to steep. At a cut-off of 0.5 g/t Au within the DFS reserve shell, the alternate global model contains approximately 1% less metal than the May 2018 DFS Mineral Resource. At elevated cut-off levels (e.g. 2 g/t Au), the global estimate difference increases to the point where the alternate model contains 10% more metal within the DFS reserve shell. Locally, within selected domains, differences are larger with the May 2018 DFS Mineral Resource estimate reporting higher gold averages but lower tonnes within the DFS Mineral Resource estimate at an 0.5 g/t Au cut-off.

Cube considers these differences to be non-material for the Mineral Resource estimate within the DFS reserve shell and that they are well within the confidence interval for an Indicated Mineral Resource. Nevertheless, as a result of the geological and grade domaining uncertainty, Cube has not assigned any portion of the Awak Mas Project Mineral Resource estimate to Measured status.

CSA Global accepts the May 2018 DFS Mineral Resource estimate as the basis for its evaluation of the Mineral Resource model and estimation processes and classification as defined by an 0.5 g/t cut-off within the DFS reserve shell. The alternate model is assumed to be reliable, although not peer reviewed, and furthermore, it is assumed that despite local differences between the DFS Mineral Resource estimate and the alternate model, the reserve shell is robust and will not change significantly.

2.8.1 Awak Mas

Mineral Resource Estimation

The following commentary is based on the 2018 DFS document provided by Nusantara. Subsequent to the Mineral Resource estimate model which was generated by Cube (2018), Nusantara engaged Cube to re-estimate parts of the resource model (2019) by applying changed estimation parameters so as to reflect the strong vertical mineralisation controls.

Domains were wireframed, incorporating internal dilution to ensure grade continuity and using a nominal geological based lower grade cut-off of 0.2 g/t Au. A minimum downhole length of 2 m was employed in the interpretation of the estimation domains.

A composite length of 1 m was selected to provide the maximum possible resolution in the block estimates, the appropriate vertical support for mining selectivity and to ensure minimal sample splitting.

Basic statistics for 1 m composite gold grade demonstrated that the gold grade tenor varies considerably across the domains, with the halo and mineralised waste domains having the lowest grades and are characterised by a dominant low-grade background population interspersed with a small number of high-grade values.

Some gold estimation domains contain "outlier" or high grades which impact grade estimation resulting in a high bias to the estimates if the upper tail of the gold distribution is not curtailed in some manner. A grade capping (top cutting) strategy was used to minimise the influence of isolated high-grade outliers. The overall impact of grade capping across all domains has resulted in a total metal reduction of less than 2%. The gold grade capping does not have a major impact on the mean global grades for majority of the domains and is not considered a material risk to the estimation accuracy.

CSA Global considers that as the global "metal at risk" is just 2% of the total gold metal, the application of top cutting strategy is appropriate.

Localised Uniform Conditioning (LUC) estimation was considered to be the most appropriate grade estimation method after considering several factors such as the short-scale variability of the mineralisation, the level of mining selectivity expected as defined by the size of the Selective Mining Unit (SMU), the ability to generate recoverable resources including internal dilution and the ability to report grades and tonnes for

a range of cut-offs. Ordinary kriging (OK) was applied to the narrow steep sub-vertical domains with a thickness of less than 10 m.

CSA Global agrees that LUC, a recoverable estimation technique, typically used for computing tonnes and grades for SMUs, which cannot be done through linear estimation techniques, is appropriate for the Awak Mas deposit. Linear estimation generates estimation biases when blocks are very small relative to the drillhole spacing such as wider spaced resource definition drilling. The non-linear method provides a more accurate representation of the recoverable grade and tonnage at the SMU scale at a range of grade cut-offs.

The drill spacing at Awak Mas varies from 50 mE by 50 mN to 25 mE by 25 mN in selected areas, most notably at Mapacing and Rante. In places, the drillhole spacing along 50 m drill lines was tighter than 50 m, and it was decided to use of a "panel" block size for OK gold grade estimation of 20 mE by 20 mN by 5 mRL.

The LUC process consists of estimating grades into the panels by OK. Thereafter, the uniform conditioning step, which is a change of support correction, was run and this informs the local estimation at the SMU scale, 5 mE by 5 mN by 2.5 mRL. The SMU dimensions are a function of the geometry of the mineralisation and the likely degree to which selective mining could be successfully applied while adhering to grade boundaries.

Grade interpolation used 1 m composited samples constrained by hard boundaries within the mineralisation zones and were informed only by composited samples from within those domains.

Interpolation parameters were derived using standard exploratory data analysis techniques of statistical and continuity analysis. The shape and dimensions of the search ellipsoid were based on the anisotropy ratios of the variogram models. Interpolation strategies were developed on a domain basis using kriging neighbourhood analysis (KNA).

The search neighbourhood radii were chosen to be as small as possible but of sufficient dimensions to generate estimates for all blocks in the estimation domains. The estimation field size was generally limited to a volume defined nominally as a 50 m "halo" around all the available drillhole data. This obviates the need to use a multi-pass estimation strategy.

CSA Global is of the opinion that KNA has been carried out with due diligence and that estimation routines have been applied appropriately.

Validation of Mineral Resource Estimates

Validation of the LUC gold grade estimate was thorough and included the following techniques:

- Visual 3D checking and comparison of informing samples and estimated values.
- Comparison of the mean LUC gold block grade estimates to the un-declustered and declustered mean of informing composite grades, on a domain-by-domain basis. The LUC estimates were also compared to the mean grade of a check Inverse Distance Squared (ID^2) estimation.
- Validation "swath" plots by northing, easting and elevation for each domain. These plots compared the LUC gold estimates to the sample data and the ID^2 check estimate.
- Analysis of the grade tonnage distribution.
- Comparison of the LUC block grade variance to the SMU variance predicted by the Discrete Gaussian Model block support correction.
- Comparative estimates using ID^2 and OK techniques.

The Discrete Gaussian models predict slightly higher grades across the board, while volume estimates for all methods fall within a tight range. The metal index comparison shows that the models produce similar results, with the differences being within an acceptable limit of a 10% margin up to a 1.5 g/t Au cut-off. The difference between the two modelling methods (presented in Figure 6) is small and constant and confirms the validity of the LUC gold estimates.

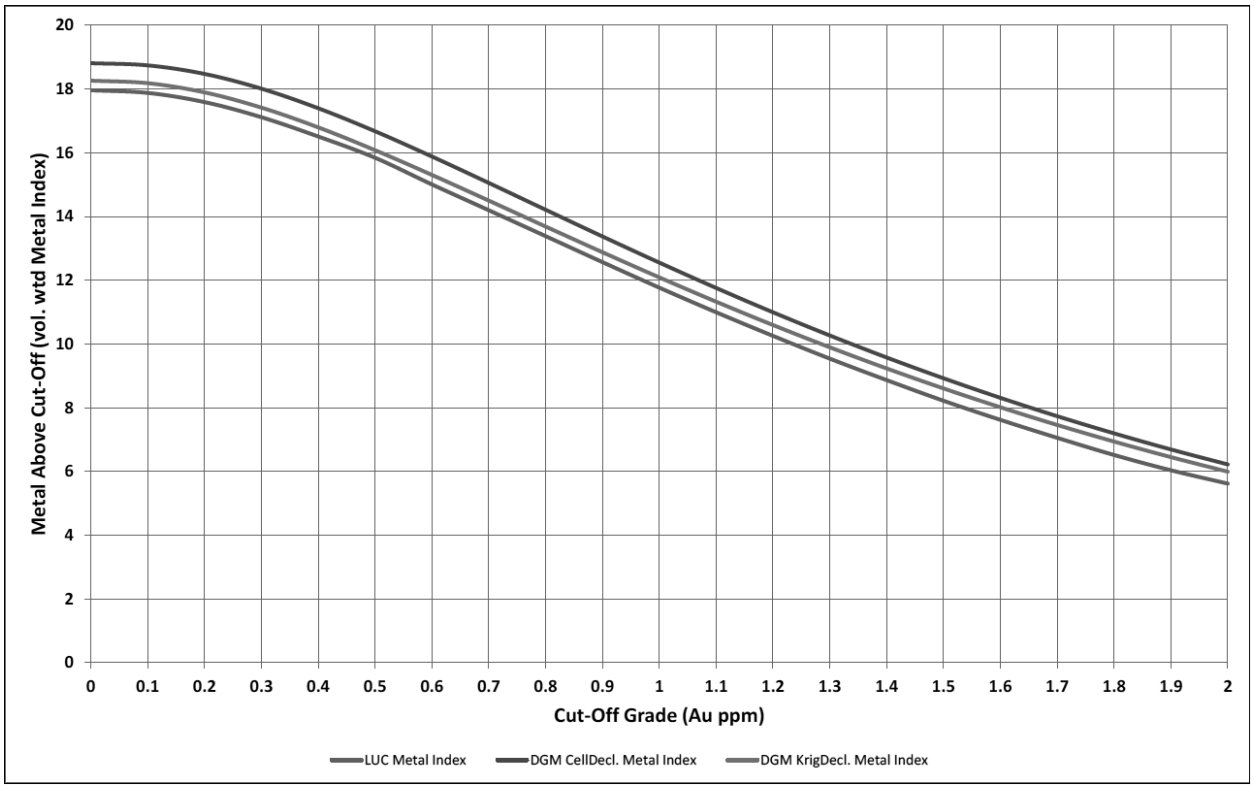

Figure 6: Metal Index Curves comparing LUC and Discrete Gaussian Model results

CSA Global agrees that the LUC and OK gold estimates, within the gold estimation domains, are valid and reasonably represent the informing data.

Mineral Resource Classification

The Mineral Resource has been classified as Indicated and Inferred on the basis of a range of qualitative criteria, which included:

- Data support as defined by drill spacing
- Confidence in the domain interpretation
- Data quality issues affecting particular zones.

Consideration was also given to drilling techniques, survey, sampling and sample preparation, analytical techniques and database management and validation. The database represents an accurate record of the drilling undertaken at the deposit.

Quantitative classification using geostatistical simulation was used in the May 2017 Mineral Resource estimate (Cube, 2018) and has been used to modify the qualitative classification where required. The simulation results were used to classify the resources based on a quarterly production target of 625,000 tonnes. It was established that it is possible to estimate this volume/tonnage of ore mined to within ±15% at a 90% confidence interval and that this confidence interval is appropriate for classification as Indicated Mineral Resources.

The inherent complexity of two mineralisation orientations and short-scale grade continuity at generally less than the drillhole spacing will contribute to high local grade variability and could lead to poor relative accuracy at the SMU scale when selectively mining. As a result of this grade continuity uncertainty, no portion of the Awak Mas deposit was classified as Measured Mineral Resources.

CSA Global supports not reporting any portion of the Mineral Resource estimate as Measured Mineral Resources, specifically because of the mineralisation domaining uncertainty, notwithstanding the results of the alternate model which appear to validate the global estimates. Local estimation accuracy is untested.

2.8.2 Salu Bulo

Mineral Resource Estimation

The ladder stockwork vein system developed at Salu Bulo deposit is analogous to that at Awak Mas deposit where there is inherent complexity of two mineralisation orientations, and short-scale grade continuity at generally less than the drillhole spacing (25–50 m drill collar centres).

Estimation domains have been defined and wireframes have been constructed using a combination of a 0.25 g/t Au cut-off grade and logged quartz percentage. Domain grade outliers were top cut where necessary and the raw average grade compared to the cut average grade was generally less than 3% relative difference. Cube considers that the broader estimation domains mitigate the risk associated with a more deterministic higher-grade interpretation, where the estimated tonnes and grade profile may not be practically achievable for mining.

CSA Global considers that the broader estimation domains are probably conservative, however, this has not been quantified, but appropriate given the uncertainty regarding mineralisation domain interpretation and construction.

Variogram structures show very short ranges, and parameters for representative domains show that within 10 m between 80% and 63% of the semi-variance (sill) is reached, indicating that estimation will be of poor quality given that data spacing is at best about 25 m but more generally 50 m or greater. Directional variography was computed on 1 m composites and because of data paucity in some domains, the variogram parameters from other/adjacent domains were applied.

The gold grade estimate for Salu Bulo was undertaken using LUC which is a non-linear geostatistical technique designed specifically for generating realistic estimates of grade in small, SMU-sized blocks at the resource stage, when only wide spaced exploration and resource definition drill data are available. In these circumstances, traditional linear methods such as OK tend to over-smooth the estimates for small blocks and thereby distort grade-tonnage curves relative to what will be achieved during mining when mining selectivity is based on grade control drilling.

Drillhole spacing was on nominal 30 mE by 50 mN or 50 mE by 100 mN. Estimation was undertaken into panel blocks of 20 mE by 20 mN by 10 mRL by OK. The SMU block size for final determination of grade-tonnage curves and estimated gold metal was 5 mE by 5 mN by 2.5 mRL. KNA was undertaken to establish appropriate estimation parameters.

As with the Awak Mas deposit, the search neighbourhood radii were chosen to be as small as possible but of sufficient dimensions to generate estimates for all blocks in the estimation domains. The estimation field size was generally limited to a volume defined nominally as a 50 m "halo" around all the available drillhole data. This obviates the need to use a multi-pass estimation strategy.

CSA Global is of the opinion that the estimation processes, including outlier treatment, KNA and choice of estimation method are well considered, but that locally estimation precision may be compromised by uncertain mineralisation domaining and short variogram ranges.

Mineral Resource Estimation Validation

The LUC gold grade estimates were validated statistically and graphically for all estimated domains by the following methods:

- Globally: Comparison of the mean LUC gold block grade estimates to the un-declustered and declustered mean of informing composite grades, on a domain-by-domain basis. The LUC estimates were also compared to the mean grade of a check ID^2 estimation.
- Visually: 3D checking and comparison of informing samples and estimated values.
- Semi-locally: Validation "swath" plots by northing, easting and elevation for each domain. These plots compared the LUC gold estimates to the sample data and the ID^2 check estimate.

- Comparative estimates using ID^2 and OK techniques.
- Analysis of the grade tonnage distribution.

CSA Global considers the statistical and visual checking of all estimated gold grades by LUC have validated the estimates and reasonably represent the informing data.

Mineral Resource Classification

Mineral Resource classification has considered the following criteria:

- Data support as defined by drill spacing
- Confidence in the domain interpretation, and the geological and grade continuity
- Data quality issues affecting particular zones
- Risk or uncertainty present in the estimated gold grades
- Reasonable prospects for economic extraction.

Qualitative criteria, each of which are assigned a confidence level, include data collection, sampling and assaying integrity, quality of drilling, density of drilling and geological and estimation parameters and techniques.

The Salu Bulo Mineral Resource has been reported at a 0.5 g/t Au cut-off grade within a constraining Mineral Resource shell and approximately 88% of the Mineral Resource estimate is classified as Indicated.

CSA Global considers that because of the very short-scale structures of the variograms, mineral resource classification can, at best, be considered Indicated. Infill drilling will be required to improve the interpretation of shallow vs steep structures and to lift the classification level.

2.8.3 Tarra

Mineral Resource Estimation

The Tarra deposit consists of a single 10–50 m wide, northwest-trending, sub-vertical structurally controlled mineralised zone in the hangingwall of the Tarra Basal Fault. The mineralised zone is tabular and has an overall strike length of approximately 480 m, dips 70° to the northeast and extends to 300 m below the surface with the top of the mineralisation capped by a cover of colluvium.

The LUC modelling technique was selected for estimating gold into a single robust domain which was defined by using a combination of a nominal 0.2 g/t Au cut-off grade and the modelled Tarra Basal Fault surface as a guide to define the continuity of mineralisation. LUC is a recoverable estimation technique and was used to estimate the resources for Awak Mas and Salu Bulo deposits and is described in those sections more fully.

There is a lack of quality assurance/quality control (QAQC) data as well as bulk density information, and data spacing is approximately 50 m by 100 m. As a result, the entire Mineral Resource at Tarra has been classified as Inferred.

2.9 Ore Reserves and Life of Mine Plan

2.9.1 Introduction

Nusantara engaged AMC Consultants Pty Ltd (AMC) to undertake components of a DFS for the undeveloped Awak Mas Gold Project.

The Project is currently envisaged to include two separate open pit gold mines (Awak Mas and Salu Bulo) where the ore from the pits will supply a standalone carbon-in-leach (CIL) gold plant with a nominal annual throughput capacity of 2.5 Mt.

The mining operation will be managed by subsidiary company, Masmindo, where excavation and development will be undertaken by a contracted mining company (not yet engaged at the time of writing).

AMC's scope of work for the DFS included:

- Importing and modifying the Mineral Resource models to develop mining models
- Pit optimisations
- Pit designs
- Mine scheduling
- Developing the mining area layout
- Developing mining costs
- Ore Reserve estimation and reporting.

Other areas of investigation pertinent to the development of a mining operation including the key aspects of the site's geotechnical and hydrogeological characteristics were developed in conjunction with other consulting groups as discussed in the body of the Report.

2.9.2 Ore Reserve Estimate

The Ore Reserve for the Project is reported in accordance with the JORC Code. No mining has taken place at the Project and estimates are based solely on drilling and geochemical assay data returned from several phases of work over many years.

The Ore Reserve was estimated from the Mineral Resource after consideration of the level of confidence used in the Mineral Resource estimate and after taking account of material and relevant modifying factors as expressed by the JORC Code.

The Probable Ore Reserve estimate is based on a Mineral Resource for the Project which has been classified as an Indicated Resource only – there is no Measured Mineral Resource estimated for the Project.

Furthermore, no Inferred Mineral Resources have been included in the Ore Reserve as shown in the table below (Table 5). The amount of Inferred Resource that is within the open pit designs (but not reported as Ore Reserves) has been discussed within the body of the Report, the opportunities available and the additional work required to increase the estimate confidence during mining are outlined.

Table 5 shows the summary of the Ore Reserve on a 100% Project basis and is estimated as at August 2018. The previous Ore Reserve estimate was dated 18 April 2018.

Table 5: Awak Mas Project Ore Reserve summary, August 2018

Deposit	Classification	Tonnes (Mt)	Gold grade (g/t)	Contained gold (Moz)
Awak Mas	Proved	-	-	-
	Probable	24.1	1.28	0.99
Salu Bulo	Proved	-	-	-
	Probable	2.8	1.67	0.15
Total	**Proved**	**-**	**-**	**-**
	Probable	**26.9**	**1.32**	**1.14**
	TOTAL	**26.9**	**1.32**	**1.14**

Mining breakeven cut-off grades were estimated based on the economic value of the ore (refer Table 6). The cut-off grade is defined as the grade at which the value of the recovered gold from a tonne of ore equals the post-mining downstream costs of processing and administration related to that tonne of ore.

Table 6: Cut-off grade by material type for optimisation (DFS)

Material type	Calculated cut-off grade (g/t)	Applied cut-off grade (g/t)
Awak Mas – all ore types	0.40	0.50
Salu Bulo – all ore types	0.43	0.50

The cut-off grades were rounded up to 0.50 g/t for practicality and differential plant processing costs and/or metallurgical recoveries were not developed for grade, location, rock type or weathering profiles.

The above cut-off grades are used throughout the DFS and material with gold grades between the breakeven grade and the applied cut-off is planned to be stockpiled for potential future processing (classified as marginal grade material). It is not included in the processing schedule and is planned to be dumped with locations recorded.

It is CSA Global's professional opinion that the Ore Reserves estimation rationale is appropriate, and the approach planned is a reasonable option to enable reclamation of the currently marginal mineralisation should the price of gold increase substantially above that used in the optimisation and mine design process.

2.9.3 Mining Model Development

The original mineral resource models for the Awak Mas and Salu Bulo deposits were developed within a matrix comprising regular cell geometries of 5 mE by 5 mN by 2.5 mRL.

An SMU of 5 mE by 5 mN by 5 mRL was selected as the minimum practical block size that could be delineated (ore and waste) during mining to estimate ore loss and mining dilution when the resource models were regularised (re-blocked) to take into account a practical mining approach.

In general, the estimated Mineral Resources usually increase in tonnage and exhibit a reduction in contained metal as irregular block geometries are diluted by waste and metal is lost to waste mining for a given cut-off grade.

The following table summarises the estimates of ore loss and dilution of the mineralised zones for the mining method and SMU selected using a cut-off grade of 0.5 g/t Au (Table 7).

Table 7: Ore loss and dilution (DFS)

Deposit	Tonnes	Grade	Metal
Awak Mas	104%	95%	98%
Salu Bulo	100%	99%	99%

These regularised mining models were subsequently used for mine design purposes which leads to the development of the Ore Reserve for the Project.

It is CSA Global's professional opinion that the regularised model and cut-off grade formulated for use at the Awak Mas deposit is reasonable. However, the regularised model developed for Salu Bulo, at the stated cut-off grade, appears to have returned an unexpected result. A similar result to Awak Mas should return a small increase in tonnes and a further reduction of the grade. This small difference is not considered material for the overall Project as the Salu Bulo feed to the plant is approximately 4% of the total 11% contributed by Salu Bulo over the LOM (for the total Project).

2.9.4 Open Pit Optimisation

AMC and Nusantara agreed on the key input parameters for the open pit optimisation (Table 8) which used a gold price of US$1,250 per ounce. Table 8 summarises the remaining parameters used to develop a suitable nest of potential pit geometries using the Whittle algorithm.

The mining costs in this exercise were based on those prepared in an earlier optimisation study and the detailed mining costs were estimated by bench for each deposit. Load and haul costs were developed from the vertical and horizontal haul distances and the average mining cost inclusive of contractor and owner costs of US$3.35 per tonne mined was used. Some sensitivity analysis undertaken at the time suggested that pit shape remained similar even after a reduction of 20% in mining costs.

Table 8: Optimisation parameter costs (DFS)

Parameter/Cost	Unit	Value
Gold price	US$/oz	1,250
State royalty	%	3.75
Gold transport	US$/oz	1.00
Gold refining	US$/oz	1.93
Gold payable	%	99.75
Net gold revenue	US$/oz	1,197
Net gold revenue	US$/g	38.49
Mining cost (averaged)	US$/t mined	3.35
Processing cost	US$/t or t processed	10.08
General and administration	US$/t ore t mined	3.25
Crusher feed/re-handle	US$/t ore t mined	0.30
Ore grade control drilling	US$/t ore t mined	0.25
Ore transport to plant Awak Mas	US$/t ore mined	0.00
Ore transport to plant Salu Bulo	US$/t ore mined	0.91
Ore mining premium Awak Mas	US$/t ore mined	-0.24
Ore mining premium Salu Bulo	US$/t ore mined	-0.10
Sustaining tailings storage facility costs	US$/t ore mined	0.50
Metallurgical recovery	US$/t ore mined	92.0

CSA Global did verify the 3.75% State royalty applicable to a gold project in Indonesia but had great difficulty obtaining sufficient data to confirm that the costs of refining gold in Indonesia applied in the DFS are sufficiently representative. However, CSA Global's professional opinion is that the approach and the cost/revenue assumptions used are suitable to generate pit shells for the Project and follow generally accepted industry practice.

CSA Global also notes that significant and material increases in the processing and mining cost assumptions used for optimisation purposes would result in a smaller pit shell for mine design.

Geotechnical and Hydrogeological Assumptions

Pit slope geometries were developed for the DFS from recommendations made by the consultants that completed the Prefeasibility Study (PFS). However, the developed wall angles were generally similar in each case.

AMC subsequently adapted the guidelines developed for 10 m benches and modified the berm widths to achieve the same overall angle. The main variation in the current design has been to include 15 m wide geotechnical berms at 100 m spaced increments to break the overall slope height following additional geotechnical work completed post the PFS. Geotechnical or "catch" berms are now included at 1,400 mRL, 1,300 mRL and 1,200 mRL for Awak Mas and at 930 mRL for the smaller Salu Bulo open pit.

Pit design stability assessments were conducted using kinematic stability analysis, limit equilibrium and finite element methods and the factor of safety (FOS) values fall within or very close to the target FOS criteria. However, the analysis suggests that ongoing de-pressurisation of the pit walls will be essential to achieve the required stability levels as the operation progresses deeper due to a two-aquifer groundwater interpretation (one shallow and one deep). The Awak Mas open pit is over 400 m in vertical extent with no ramps planned on the high wall, so de-pressurisation of the final walls will be essential to maintaining a stable wall for the life of the excavation.

AMC suggests that a reasonable level of stability can be achieved with partial de-pressurisation as the excavation progresses and that total de-pressurisation of the excavation will be required to achieve long-term stability.

More specifically, the batter, inter-ramp and overall pit slopes are sensitive to groundwater pressure, and wall depressurisation will be required to achieve target slope stability levels. With the presence of a shallow and a deep aquifer, batter scale and overall scale depressurisation will be essential. This would include:

- Closely spaced shallow horizontal drain holes to manage the influence of the shallow aquifer. Horizontal holes 30 m deep with 25 m centres and 30 m vertical intervals (every third berm) in all areas.
- Horizontal holes 150–200 m deep to de-pressurise the deep aquifer and place the phreatic surface well back behind the pit wall to increase the FOS to an acceptable level. These would be installed from the 1,300 mRL and 1,200 mRL geotechnical berms (and possibly below these as well), depending upon the performance and effectiveness of the drains as the mining operation proceeds. Holes would be laterally spaced at 50 m centres.

In addition to the above, these is a proposal to drill a 200 m deep fan of holes from the base of the Stage-AM1 pit targeting the Rante and Lematik pit sectors.

Rainwater catchment volumes dominate estimated groundwater inflows to the pit operations over the life of mine (LOM). Water management should be maintained through open edges to pit benches that connect to the sloping topography. Minor bench-scale water management will be required.

Slope stability radar (SSR) should be implemented at an early stage of the high wall development and survey monitoring (prisms) are recommended for other areas to complement SSR monitoring.

The performance of depressurisation measures must be monitored by piezometers installed at different levels in the high wall and other specified areas.

CSA Global is of the opinion that ongoing de-pressurisation of the open pit walls will be essential to achieve the required stability levels as the operation progresses deeper with the LOM. Failure to do so would jeopardise the remaining Ore Reserve. This activity has been adequately scheduled and budgeted for in the life of mine plan.

The focus must be on managing the phreatic surface to ensure that it is well back behind the pit, as without this effort, the slope factors of safety will not be within the levels targeted by the design.

Results – Awak Mas

The output of the pit optimisation process produces a series of nested pit shells (refer Figure 7 below that demonstrates the optimisation results by nested pit shell run with total material movement and undiscounted cash flow per pit).

The results show that Run 30 Pit Shell 30 contains 23.67 tonnes of Indicated Resource grading 1.28 g/t Au containing 994 koz gold within a total shell volume of 108.5 Mt.

The pit optimisation was prepared using the mining model and only attributed revenue to mineralised blocks classified as Measured or Indicated Mineral Resources according to the JORC Code.

It should be noted that a comparison was conducted using the contained Inferred Resource category as plant feed (rather than being treated as waste) and between 1.0 and 1.8 Mt only is included depending on the selected shell.

This demonstrates that under the selected economic and throughput conditions that inclusion of the Inferred mineralisation is not likely to materially change the project or influence the pit design. This material can be appropriately evaluated during mining with routine grade control practices once mining has commenced and can be included as ore or discarded as waste depending on the upgraded information.

Shell 30 was selected as the preferred pit to be used as the basis for the pit design on the criteria of keeping the operating costs below US$750 per ounce and the discounted value (worst-case) close to 90% of the maximum value (Shell 31).

However, AMC expects the scheduled discounted cash flow to be closer to the worst-case estimate in this situation due to the limited scope for pit staging in this design.

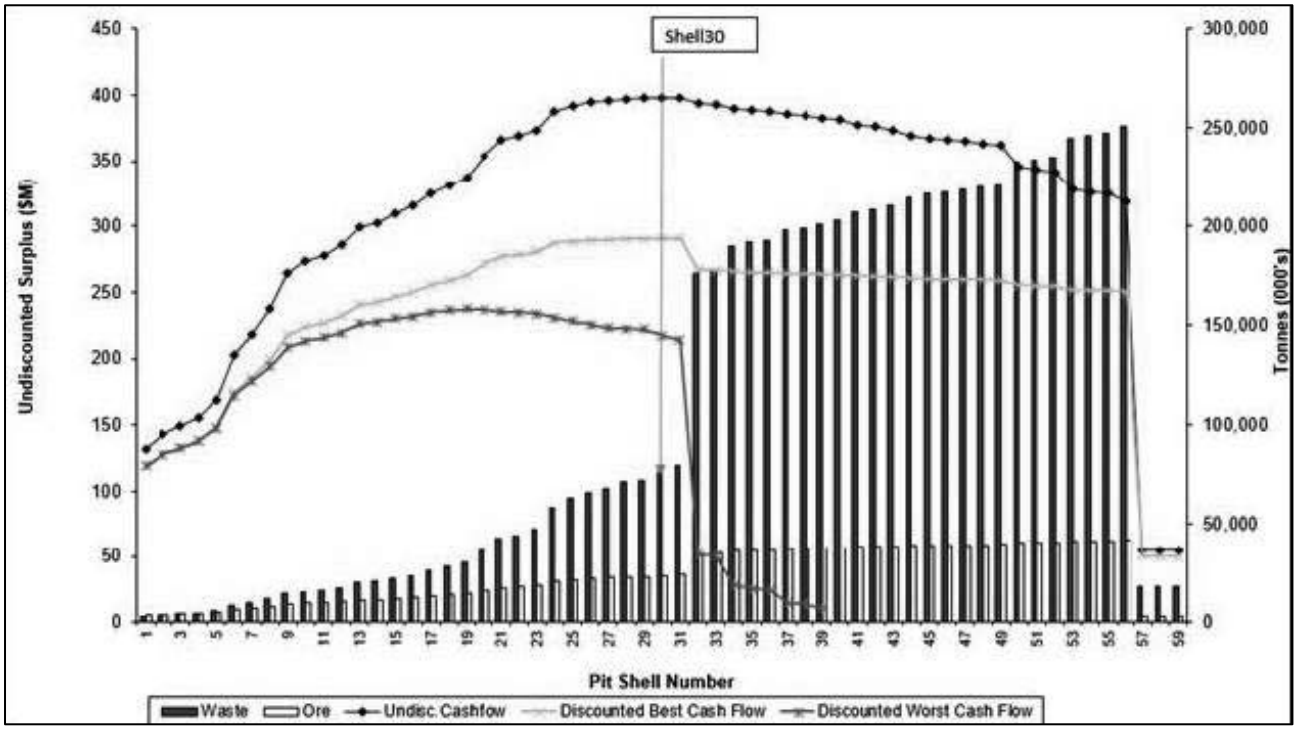

Figure 7: Awak Mas optimisation results showing cash flow by Pit Shell Run 30 (DFS)

The data presented in Figure 7 (above) clearly demonstrates that a significant step occurs between Shell 31 and Shell 32. Shell 32 is significantly larger with almost 100% more total material mined but only a 44% increase in ore tonnes and a 47% increase in contained gold. Pit Shell 32 remains as a potential cutback should the Project experience significant favourable changes in costs and/or increases in the gold price. However, under the conditions outlined in the DFS, limited value can be derived from a significantly longer mine life.

CSA Global is of the opinion that the most appropriate pit shell has been selected from the optimisation run to form the basis of the current mine design.

Sensitivity Analysis (Awak Mas)

Sensitivity analysis was completed in Whittle by varying key inputs of mining and processing costs with overall slope angles. For Awak Mas, two methods of selecting optimum pits were tested.

The first chooses maximum discounted cash flow and the second reports shells with maximum undiscounted cash flow. The first set of data is more representative of the approach used for shell selection as very large open pits with large ore tonnes show reduced discounted value due to a longer mine duration.

For Awak Mas, the base case shell of 105 Mt of rock contains 23.7 Mt of ore grading 1.28 g/t Au with 977 koz of contained gold and any unfavourable changes to overall slope angle significantly reduces the pit size as the higher strip ratio required to achieve that depth results in a shallower pit. Favourable changes to overall slope angle present similar ore quantities but lower quantities of waste but would not support the very large (200 Mt) pit shell because the discounted value of the design shell is significantly reduced.

Unfavourable changes to mining and or processing costs significantly reduce the open pit size and contained ore tonnage. However, favourable changes to mining and or processing costs do not increase the ore tonnage or open pit size (only generate higher cash flows).

Favourable changes in mining and or processing costs would not support the selection of the very large >200 Mt pit shell because the discounted value is significantly reduced.

CSA Global is of the opinion that the Awak Mas open pit is robust (under the conditions modelled) and unlikely to significantly increase in size unless the magnitude of the underlying Mineral Resource is materially increased.

Results – Salu Bulo

The Salu Bulo pit optimisation was prepared using the mining model and Indicated Resource blocks as in the case for Awak Mas.

The processing rate of 2.5 Mt per annum used to estimate the discounted cash surplus was relatively high compared to the ore tonnage within the pit shells thereby estimating a short mine life and a potential to distort the real cash flows from a slower actual ex-pit mining rate as the Project is developed and scheduled.

The pit optimisations capture a large proportion of the Mineral Resource by Pit Shell 12 (Figure 8) and the optimisation shells do not increase in size with increasing gold prices to the extent seen at Awak Mas.

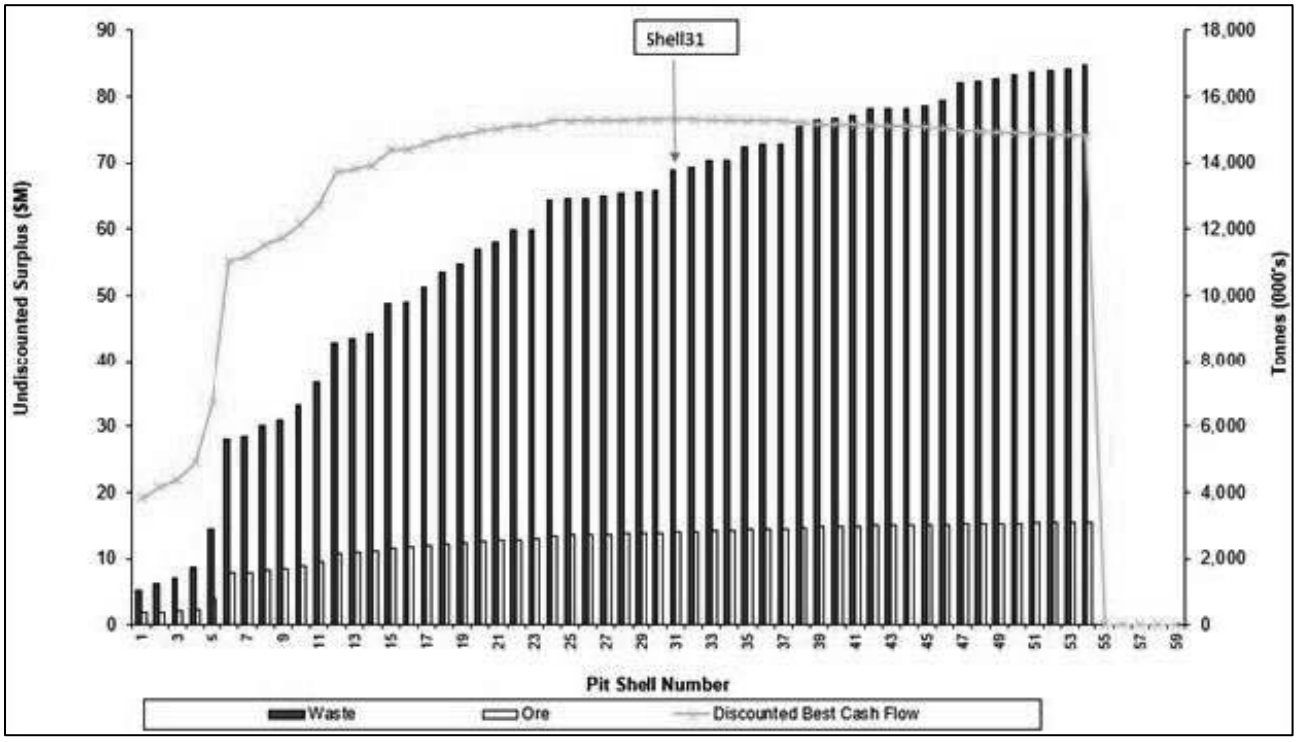

Figure 8: Salu Bulo optimisation results showing cash flow by pit run (DFS)

An optimisation was completed for Salu Bulo which included the Inferred Mineral Resource. A larger pit shell results and suggests an additional 613 kt of resource could be included in a larger shell grading 1.16 g/t Au (23 koz Au).

The conversion of the Inferred Resources at Salu Bulo presents an opportunity for some project upside.

CSA Global is of the opinion that the Salu Bulo open pit is also robust and that the upgrading and conversion of the Inferred Resources at Salu Bulo presents an opportunity for some project upside.

Sensitivity Analysis (Salu Bulo)

The project is smaller than Awak Mas and as scheduled for Whittle analysis has a shorter mine life and flexing the inputs does not materially change the selected pit shell.

CSA Global agrees with the DFS opinion that adverse changes to mining and/or processing costs would impact the cut-off grade calculation and downgrade the magnitude of the ore inventory.

2.9.5 Open Pit Mine Design

The Awak Mas open pit has been designed to be mined in three stages within the final Shell 30 based design. Each mining stage is developed from the top-down.

Figure 9 depicts the final mine design and has a starter pit to initiate mining (AM1). Another early development opens a separate pit at Ongan/Mapacing (AM2S, AM2E and AM2W) to allow for internal waste dumping into the void created by mining. A final cutback completes the excavation and is designated AM3E and AM3W.

CSA Global supports a staged approach to mine development for a multitude of reasons, notwithstanding the mining flexibility afforded by the cost-effective scheduling of ore and waste movements. Waste dumping into mined voids is a sensible use of shorter haulage distances and can keep truck fleet sizes to a minimum (or increase existing fleet utilisation) while dumping to the voids.

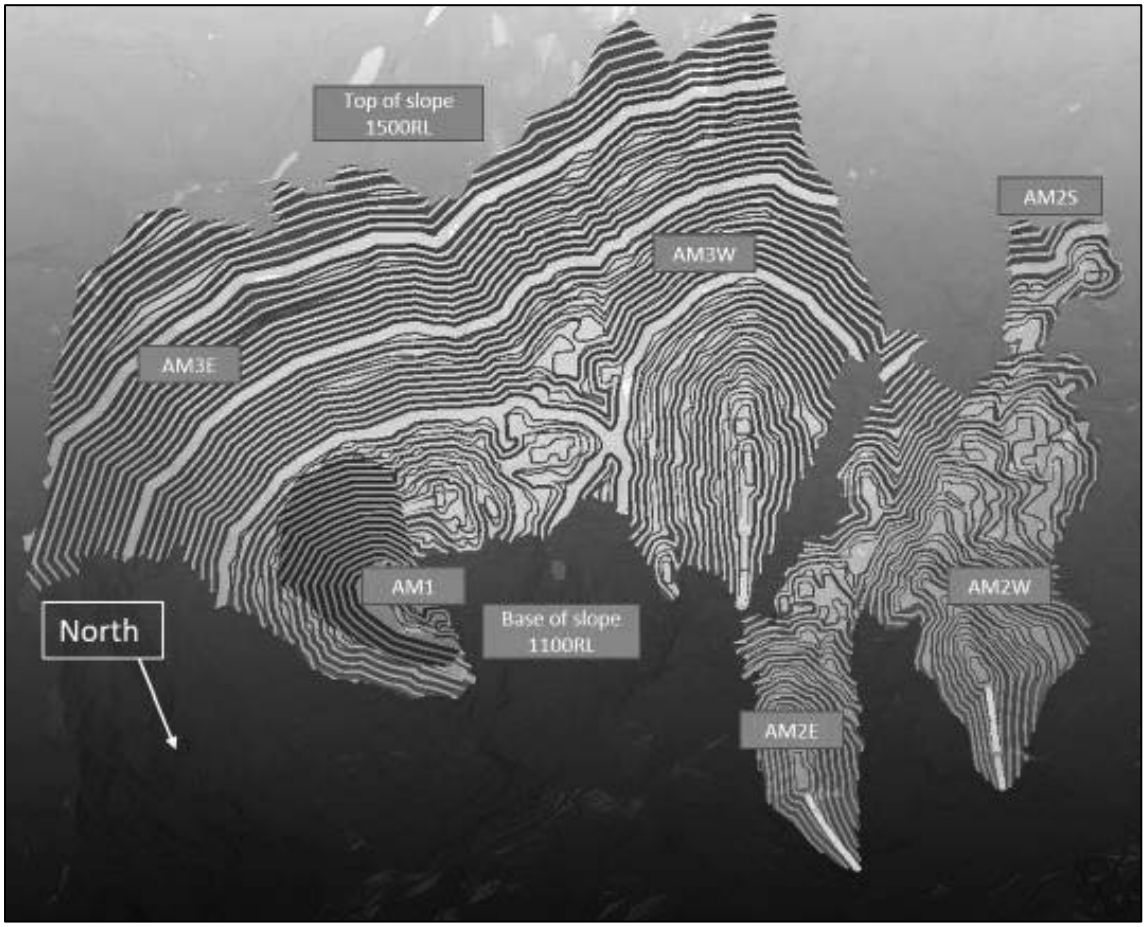

Figure 9: Awak Mas open pit design (DFS)

Figure 10 shows the final open pit void and the relationship to the steep topography, and the selected design takes advantage of the natural slopes.

Each open pit is self-draining, and access can be achieved via the natural land surface and it is only towards the end of the mine life that small pits develop fully below the topographic surface.

In-pit ramps are rare and where required are designed as a single lane 11 m wide. Late in the mine life, enclosed stages without a free edge are developed to a maximum depth of 20 m only.

Water management is predominantly achieved by self-draining open pit edges where pumps and dewatering crews facilitate the movement of water across benches and from in-pit sumps excavated to manage water on working faces and benches.

CSA Global supports the inclusion of 15 m geotechnical berms spaced at 100 m vertical intervals that would break the steep continuous slopes in an effort to reduce multi-berm failure and other rockfall risks.

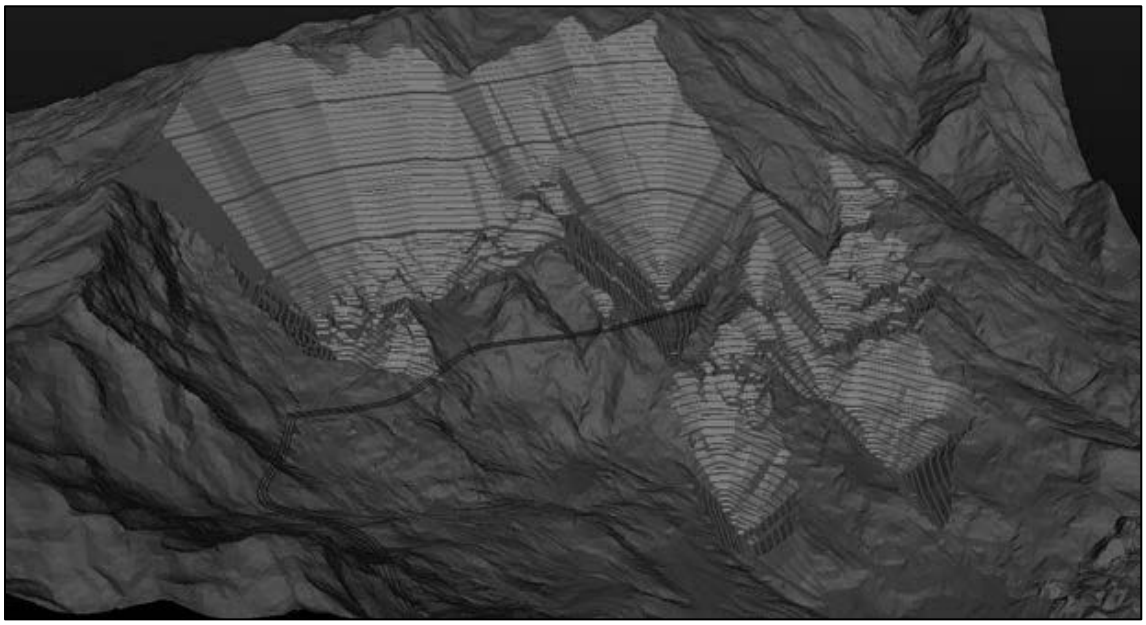

Figure 10: Awak Mas final open pit design (DFS)

Design Specifics – Awak Mas

The pit design inventory compares well to the pit shell on which it is based (Table 9 below).

Table 9: Awak Mas pit design inventory compared to the pit shell (DFS)

Awak Mas	Total tonnes (Mt)	Ore (Mt)	Ore grade (g/t)	Contained gold (koz)	Marginal material (Mt)	Waste (Mt)
Whittle Pit Shell 30	105.0	23.7	1.28	977	2.9	76.4
Pit design	106.6	24.1	1.28	990	3.1	79.4
Variation	102%	102%	100%	101%	105%	104%

The following cross section at 180,000E (Figure 11) shows the final open pit outline as currently designed. The high wall is broken by 100 m spaced geotechnical berms at the 1400 mRL, 1300 mRL and 1100 mRL.

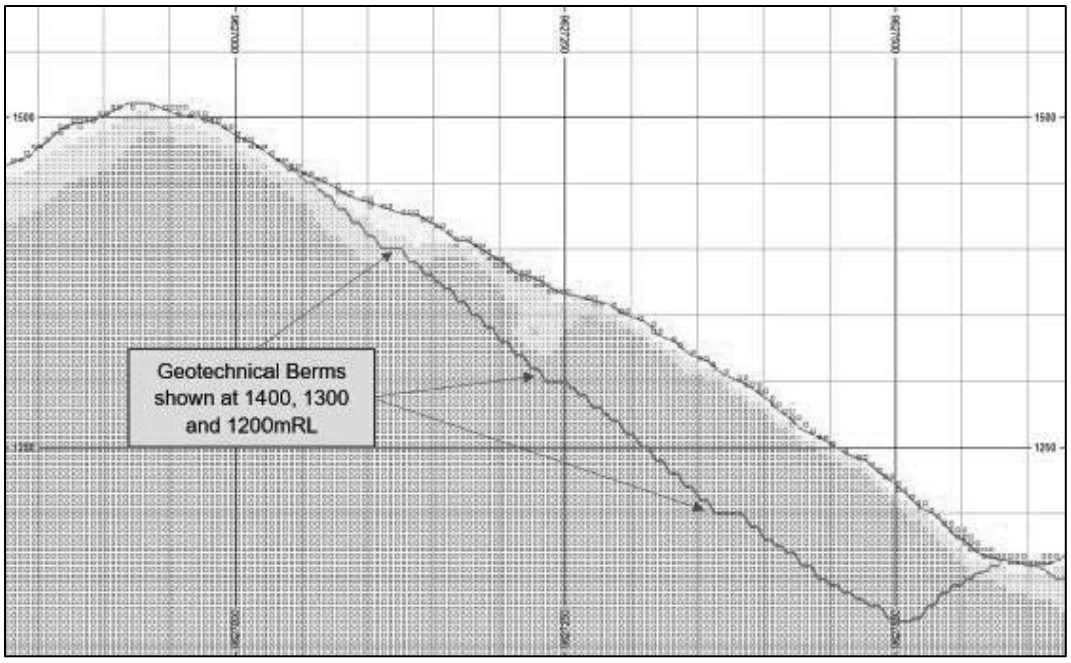

Figure 11: Awak Mas open pit design slope section 180,000E
Legend: Colluvium – red; Oxide – yellow; Transition – green; Fresh – blue.

CSA Global supports the current open pit design philosophy and staged approach to the development at Awak Mas. The planned dumping of mine waste into open pit voids that are developed early in the mine schedule is a sensible cost saving initiative.

Design Specifics – Salu Bulo

The open pit design inventory (Table 10) compares well to the pit shell on which it is based. Additional waste (~12%) has been included to maintain a minimum width at the base of the developed open pit to accommodate a north-south aligned internal haul road.

Table 10: Salu Bulo open pit design inventory compared to the pit shell (DFS)

Salu Bulo	Total tonnes (Mt)	Ore (Mt)	Ore grade (g/t)	Contained gold (koz)	Waste (Mt)
Whittle Pit Shell 30	17.3	2.8	1.68	152	14.5
Pit design	19.4	2.8	1.67	152	16.4
Variation	112%	101%	99%	100%	113%

The simple open pit design is shown in Figure 12 where the ore is mined out in a single stage and exits are established where benches insect the existing topography and the high wall slope is broken by a geotechnical berm at 930 mRL.

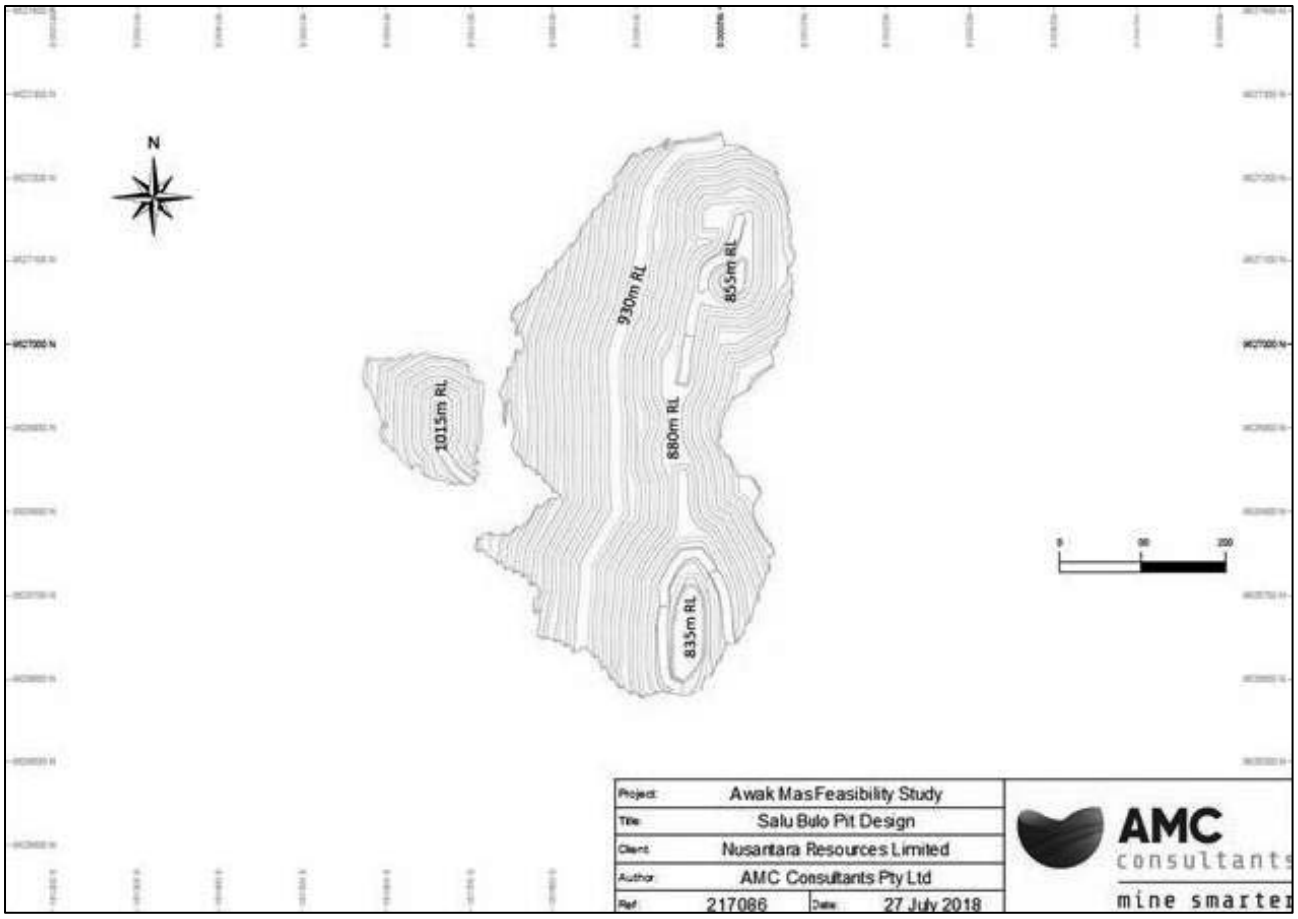

Figure 12: Salu Bulo final open pit design (DFS)

CSA Global supports the current open pit design for Salu Bulo, given the importance of the mine to the planned grade profile to the processing plant in the mine schedule.

Geotechnical Considerations

Discussed earlier in detail (Section 2.9.4).

The following staged slope design parameters were recommended in the DFS:

- Batters 10 m high, 45° bench face angle, with 5 m wide berms in the weathered rock mass, which will achieve a 33.7° inter-ramp slope angle.
- Batters 10 m high, 60° bench face angle with 5 m wide berms, which will achieve a 43° inter-ramp slope angle.
- A geotechnical berm 15 m wide to be included at 100 m vertical intervals. These berms will be planned at as close as possible to 1400 mRL, 1300 mRL and 1200 mRL.
- Slope stability radar (SSR) should be implemented at an early stage of the high wall development. Survey monitoring (prisms) is recommended for other areas and to complement the SSR monitoring.

The performance of de-pressurisation measures is to be monitored by piezometers installed in many areas including at different levels in the high wall.

CSA Global endorses the geotechnical consultant's reports that the above design parameters meet the geotechnical design criteria as outlined earlier in this report.

Waste Dumps

Waste dump options are available to the southeast of the main pit (SE Dump), to the northwest of the main pit (NW1 Dump) and by the backfilling the Ongan Mapacing pit areas (NW2 Dump).

A geochemical study was completed post the DFS (11 September 2019) and that work presented a more accurate representation of the waste rock (and tailings) characteristics for the future project.

The study concluded that the non-acid forming nature of all waste materials tested from the Awak Mas and Salu Bulo deposits requires no specific waste management strategies.

Figure 13 provides a pictorial representation of the key elements to the mine waste strategy.

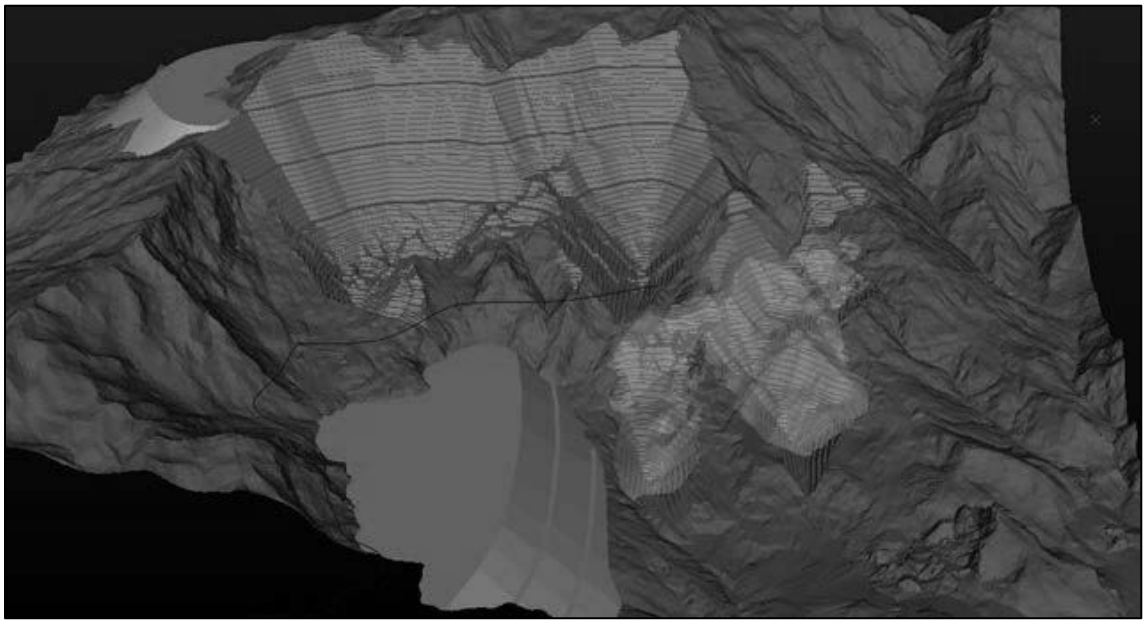

Figure 13: Awak Mas waste dump locations (DFS)

The M1 pit is mined first with waste hauled to the lower parts of the NW Dump. Ore is hauled directly to the plant or intermediate stockpile before the plant is commissioned. The first waste produced is used to develop the base for the intermediate ore (SP1) and topsoil stockpile near the plant.

AM2S mined as the second pit with waste hauled to the lower parts of the Main Waste Dump.

AM2W mined next with waste hauled to the lower parts of the Main Waste Dump.

AM2E mined next with waste hauled to the upper parts of the Main Waste Dump and backfilled into AM2W when this pit is complete.

AM3E on upper benches waste hauled to the SE Dump. Lower benches to the Main Dump.

AM3W on upper benches waste hauled to the SE Dump. Lower benches to the Main Dump.

CSA Global agrees this strategy has optimised all realistic options for the dumping of mine waste.

Haul Roads

Single-lane width haul roads (13 m total width) were designed for the main accesses to the Awak Mas open pit and taking into account topography, road alignment and truck turning radius on switchbacks. A provision for passing bays will be required.

An additional haul road is designed to provide access to the SE Waste Dump and top of the Awak Mas pit.

CSA Global is of the opinion this is an appropriate design and strategy.

There is little flat topography adjacent to the Salu Bulo pit and ore will be rehandled by a separate mining fleet to the processing plant adding some 5 km of additional haul.

Mine Water Management Strategy

Water will be managed at both open pits through the planned use of an open edge or free draining slot containing the access ramp to the pits thereby controlling discharge of water at selected locations over the open edge of the mining benches.

At Awak Mas, water would be directed around both sides of the Main Waste Dump (NW1) to downstream settlement ponds for controlled discharge into an existing water course.

At Salu Bulo water would flow from the pit around the waste dump and towards the tailings facility.

Most of water entering and leaving the open pits would be as a result of rainfall (~3 m of precipitation per year) with a small volume estimated to be derived from ground water aquifers by natural seepage or via the de-watering drain holes. All sources would be combined and treated in the same manner.

Small pumps and sumps are planned for most benches to locally manage water and the cost for pumps and labour has been included in the Mining Cost Model as undertaken by the mining contractor.

It is proposed that a water standpipe be installed in the vicinity of the processing plant for any dust suppression required during the drier months.

CSA Global is of the opinion this is an appropriate water management strategy.

Topsoil Management

Clearing and grubbing involves removing all vegetation. The larger timber is to be recovered for sale or to provide to the local community free of charge. No allowance is provided for recovery of larger timber and the DFS assumes this is a net zero cost activity.

Once removed, clearing and grubbing is completed by dozing the remaining vegetation flat for the efficient recovery of topsoil/vegetation mix.

CSA Global is of the opinion this is a sound and sensible approach with the potential for positive local community outcomes.

2.9.6 Mining Operations

Mine Schedule

The mine schedule was prepared from the three stage pit designs developed for Awak Mas and the single stage Salu Bulo pit.

The schedule was developed on a monthly basis for the first two years of the Project, and subsequently on an annual basis until the end of mine life.

Within each stage, the mining is completed bench-by-bench, in a top-down manner as previously described. In practice a smoother schedule could be implemented by scheduling with smaller sub-bench increments rather than entire benches. This is considered an opportunity post DFS and part of the aims of a detailed design phase.

CSA Global is of the opinion the mining schedule has been developed in an appropriate manner suitable for a DFS and CSA Global agrees that smaller sub-bench scheduling increments are an operational opportunity to improve mining planning in a post-study environment and can be finalised during the detailed production planning phase.

The schedule has been prepared to:

- Achieve a consistent 2.5 Mt per annum ore supply to a correspondingly sized processing plant

- Ensure the ore supply is generated from a plan that provides for efficient mining fleet utilisation.

Total material movement (Figure 14) was limited to an achievable 16 Mt per annum where the maximum vertical advance rate was set at 80 m per year at any stage of the mine life. Many of the pit benches have small tonnages of waste and with multiple locations available to mine, AMC has considered this relatively high rate of advance as achievable over the LOM.

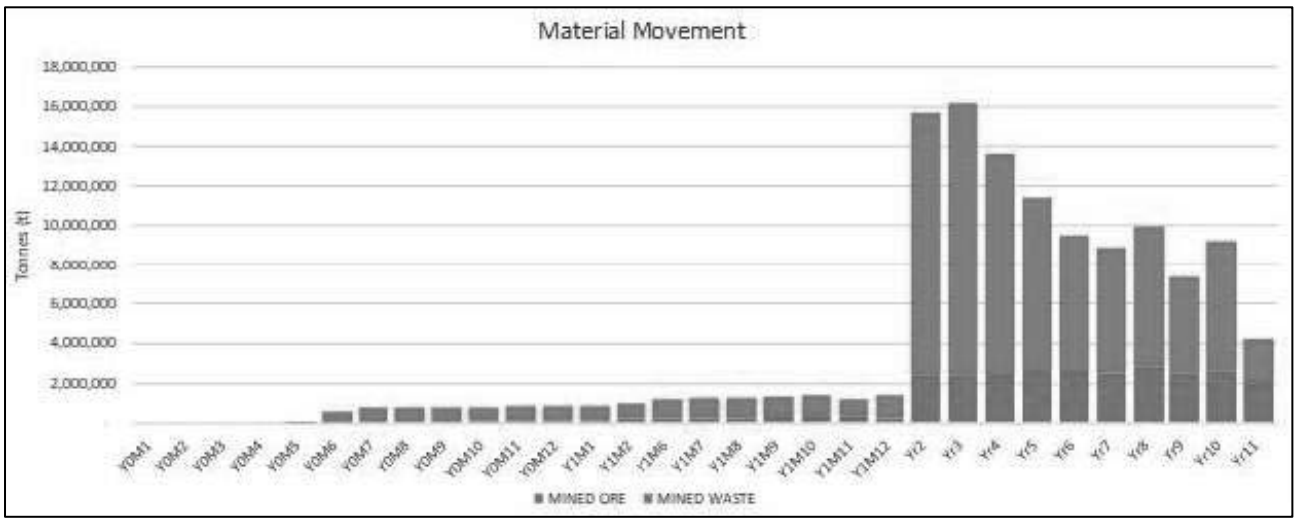

Figure 14: Total material movement (DFS)

CSA Global is of the opinion an instantaneous rate of vertical advance of 80 m is achievable but could be demanding. However, some uncertainty exists in the fact this average advance must be maintained over the 11 years of the mine life. On that basis, the scheduling could be considered aggressive in a LOM sense and adversely delay the mining schedule. The timing of any delays would be difficult to predict up-front but would be related to times of demanding equipment utilisation rates where operator and machine availability can be difficult to manage. Shortfalls are likely to be of a monthly or quarterly basis (if late in the period) with some limited ability to "catch-up" any significant underperformance to achieve annual targets.

All mine stages involve "pioneering" to develop access to the upper benches.

The first 10 months of mining activity is considered in the schedule to be pre-production with four months of pioneering followed by six months of limited mining that produces 4 Mt of total excavated rock (ore and waste).

CSA Global is of the opinion this is an optimistic ramp-up in the first year of production. Abnormal monsoonal weather conditions would affect progress and jeopardise these targets. CSA Global is also of the opinion that this pre-production schedule is ambitious and a delay of at least three months is considered possible in light of the terrain and climate to be experienced by a new mine start-up.

Ore has been split into high grade (>0.85 g/t Au) and low grade (<0.85 g/t Au) for scheduling purposes presumably to maintain a blended head grade into the processing plant from the run of mine (ROM) and Stockpile 1 (SP1).

Approximately 1.1 Mt of Inferred Mineral Resource (that may be above the cut-off grade) is recovered in the open pit designs and included in the mining schedule. This material is excluded from the Ore Reserve estimation due to the low confidence of the data/information used in the estimation.

CSA Global is of the opinion this is an appropriate approach, given the data uncertainty and the need to acquire additional data. This mineralisation must be removed when encountered and it is only after grade control has been completed on the blocks in question that the material can be classified into either ore or waste at the mine face. If it is ore, it can enter the ROM ore stream and be either direct fed or stockpiled.

After completion of the DFS, AMC developed a LOM schedule and cost model in monthly increments at the request of a potential investor. The schedule presented a slightly different ore and waste quantity by period but demonstrated a more practical approach to mining.

Mining Management

Mining activities will be conducted by a specialist mining contractor with technical and managerial oversight provided by operating subsidiary, Masmindo. The rationale for selecting this mode of operations appears to be various. Main advantages presented were:

- Minimisation of upfront capital
- Application of specialist knowledge, systems of work, and experience to lower operational risk
- Minimised capital risk
- Utilisation of the contractor's local experience, knowledge and in-country relationships
- Access to skilled labour and workforce management
- Access to an existing fleet of equipment
- A greater flexibility to manage fluctuating manpower and equipment requirements, and the ability to mobilise equipment for the pre-production period.

CSA Global believes this is an appropriate approach but suggests that the scale of operations requires an experienced and sizeable mining contractor and that local or regional "start-ups" should be avoided in the best interests of production performance and safety.

Personnel

A site based Masmindo technical services team is planning to provide medium and long-term technical management and support to the operations in general mine management, survey control, geological services including grade control, mine planning and geotechnical monitoring and supervision.

The mining contractor will be expected to provide all management, supervision and maintenance personnel for the contracted services including the technical skills to undertake short-term planning and scheduling.

Personnel numbers were developed in consultation with Nusantara and the associated salaries were estimated from local experience. Minor duplication of roles is expected across the owner/contractor interface.

Employee fly-in/fly-out rosters (or similar roster cycles for more local employees) are varied and appear to be based on the role envisaged. There is limited budgeting for expatriate roles in the study and the workforce including professional roles appears from the salary estimates to be largely Indonesian in nature.

CSA Global is very familiar with Indonesian labour laws and the difficulties in engaging experienced expatriate personnel into mining operations. However, CSA Global believes a specific case needs to be made to the regional and State governments to ensure appropriate levels of approved "expatriate manpower establishments" for experienced expatriate personnel are sufficient to commence this mining operation and set it up for ongoing success.

Mining Equipment

The suggested mining fleet is outlined below in Table 11.

Table 11: Maximum number of mining, drilling and auxiliary fleet (DFS)

Mining fleet	Maximum number on site
Trucks	
A60H	23
Loading units	
390 F	3
Auxiliary	
Excavator	2
Loader	3
Grader	2
Dozer	5
Truck	3
Water truck	2
Fuel truck	2
Rock breaker	1
8-t compactor	1
Tyre handler – A	1
Forklift 1 – A	1
Compressor – A	2
Light plant	8
Water pump 1 – A	4
Light vehicle	20
Maintenance truck	2
Troop carrier	4
Drills	
Power ROC T50	3

The primary loading fleet is proposed as a maximum of three 90-tonne hydraulic excavators. There are many suitable options available and the model selected for the DFS was the Volvo EC950.

The haulage fleet is planned to consist of 60-tonne articulated haul trucks with all-wheel drive capability to enable the machine to work in difficult terrains and road conditions. The model selected for the DFS was the Volvo A60H articulated six-wheel drive unit.

The drilling fleet is proposed to comprise Atlas Copco (now Epiroc) ROC 45 or 50 drill rigs (i.e. PowerROC T50) or equivalent, to meet all production drilling requirements including pre-split and shallow wall de-pressurisation drilling. A maximum of three drill rigs will be required during periods where large volumes of fresh rock are mined.

The equipment specified was selected to develop a cost estimate and the final equipment models and fleet sizes selected will be dependent on the mining contractor selected and/or the availability of models in that part of Indonesia.

CSA Global is of the opinion the equipment is suitably sized for the current mine design. Limited changes in equipment sizes/capacities are possible as it is currently designed and planned. Any significant shifts in model capacities for the trucks and loading units can only introduce the potential for inefficiency to the schedule and outcome.

2.9.7 Mining Costs (OPEX Estimates)

Costs assume that a mining contractor will be appointed to perform all mining operations and Masmindo would provide overall mining management and technical support.

The mining contractor would conduct the mining activities associated with the open pit operation and be responsible for crusher feed and ROM pad rehandle.

The mining contractor may subcontract the drill-and-blast function and the supply of explosives.

Grade control drilling using RC drill rigs was assumed to be the responsibility of Masmindo.

Expenses estimated to support the mining activities included:

- Operator salaries and on-costs
- Equipment maintenance costs based on lifecycle costs
- Consumable costs (including ground engaging tools), tyres, drilling rods, hammers and bits, and maintenance parts and lubricants)
- Safety and training materials
- Grade control sampling and analysis consumables
- Fuel for mining and auxiliary equipment
- Haul truck machine hours and fuel consumption rates
- Costs associated with the client's mining technical services and the management of the contractor
- Contractor direct costs, overheads and margin associated with the mining operation normally included in a schedule of rates contract.

Assumptions

The following assumptions were used to estimate the operating costs:

- A fuel cost of US$0.52 per litre of diesel as a net on site basis.
- Contractor's margin of 12.5% plus an additional 2% in off-site charges.
- Equipment financing interest rate of 5.5% per annum.
- Insurance costs of 0.5% of the equipment purchase price.
- Emulsion only will be used as the primary explosive.
- Contractor supplied explosives at a downhole rate of US$229 per tonne (S30 emulsion) plus additional fixed monthly charges for magazine management and facility supply/rental (see Drill and Blast section below). Additional labour is included in the cost model to support AEL with blasting activities.
- Mobilisation and assembly for all mobile plant.
- Mining operations are scheduled 350 days per year and shift rosters are based on working 2 x 12-hour shifts per day.
- Miscellaneous costs including rock sheeting, general consumables, technical equipment and software, safety equipment, workshop tooling and office supplies.
- Maintenance support equipment including cranes and forklifts.
- Dewatering consumables.
- Wet and inclement weather interruptions – 40 shifts per year.
- Amortised capital costs with lease charges over the life of the Project.

Additional Employee Costs

Costs for employee transport to and from the site and the costs to accommodate mining employees has been estimated as part of the site general and administrative cost and were excluded from the mining cost model.

Scheduling

Mining equipment was scheduled based on the mining activity undertaken as outlined in the schedule and the associated unit costs were developed for each mining machine in the fleet. A minimum fuel use of 30% load factor was applied to all operating time estimates.

Average haul truck fuel consumption was estimated at 32 litre per hour.

Drill and Blast

Drill-and-blast patterns were developed using an industry standard blasting fragmentation model which was populated with geotechnical parameters and joint spacing and orientation data derived for the material likely to be encountered at site.

The application of pre-split has been assumed for all final walls and this allowance will cover costs of wall trimming, any required pre-split, local wall reinforcement and wall depressurisation.

Costs were sourced from a budget quote proposal presented in February 2018.

Key aspects to note include:

- Explosives contractor to build an on-site plant at their expense and re-couped via a monthly management fee
- The explosives contractor will be responsible for the delivery of blasting accessories to site
- The explosives contractor to supply a mobile manufacturing unit 6 x 6 truck
- Diesel supplied by Masmindo.

Additional labour is added to the Mining Cost Model to support blasting activities.

CSA Global is of the opinion the mining costs have been built up using standard industry techniques and are reasonable in terms of a DFS's ±15% accuracy range. However, CSA Global believes the operating cost model to be at the lower end of what would normally be expected for an operation of this type and location.

Primary Equipment

Primary equipment numbers were calculated based on the demand of the mining schedule with trucks estimated on bench-by-bench haul profiles and then manually smoothed to allow for schedule-driven variations.

High levels of auxiliary equipment are scheduled in the initial years of the Project to complete the pioneering work; especially so in the pre-production period where most of the mining equipment would be engaged with road building, clearing, topsoil removal and other pioneering activities.

The maximum number of mining, drilling and auxiliary fleet required throughout the life of the Project was discussed earlier and shown in Table 11.

Excavators

The calculated and smoothed excavator fleet numbers for the LOM schedule are shown in Figure 15 below.

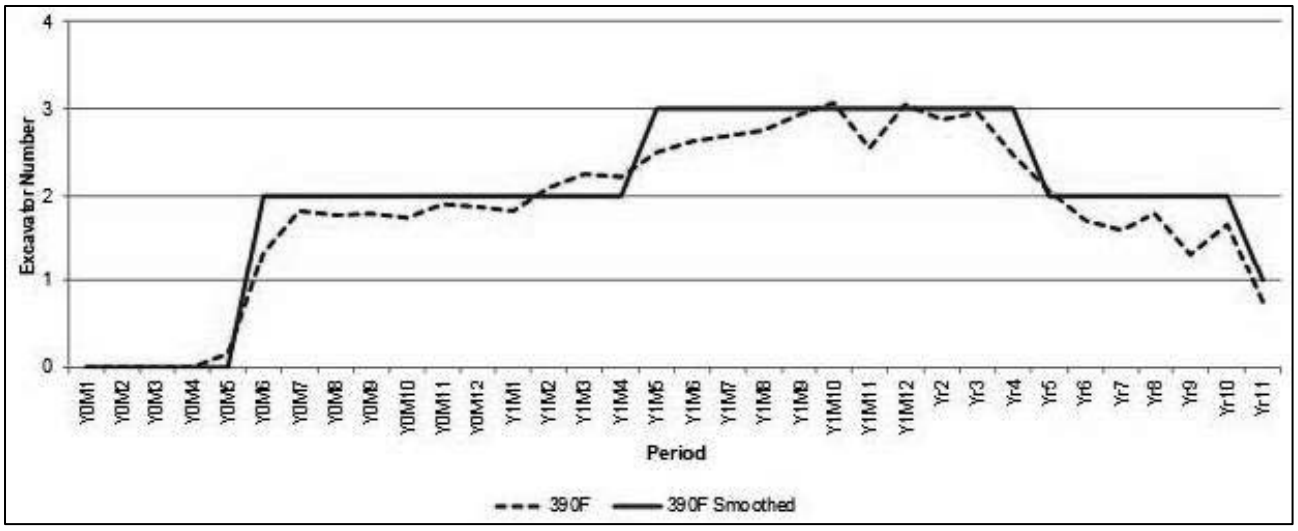

Figure 15: Excavator fleet numbers – LOM schedule (DFS)

A maximum of three excavators is required. Two excavators are required at Month 6 in the schedule, a third excavator is required in Year 1 when the mining rate increases to allow waste stripping required to maintain plant feed. The number of excavators decreases to two in Year 5 as the mining rate decreases in line with a lower planned strip ratio.

Trucks

The calculated and smoothed truck fleet numbers for the LOM schedule are shown in Figure 16 below. A maximum of 23 haul trucks are required in the first five years.

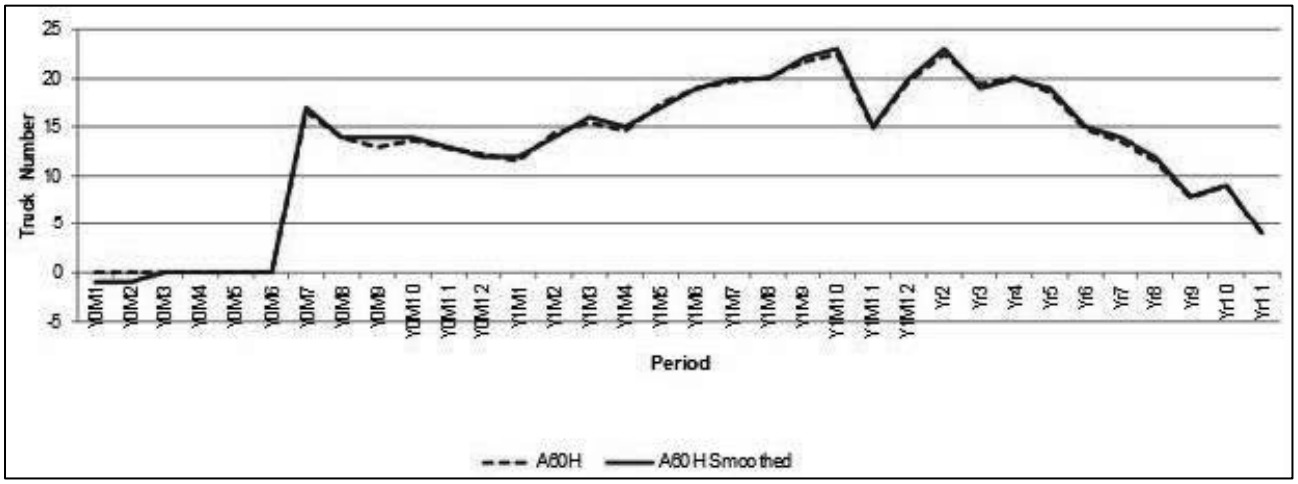

Figure 16: Truck fleet numbers – LOM schedule

Blasthole Drills

The calculated and smoothed drill numbers are shown in Figure 17 below.

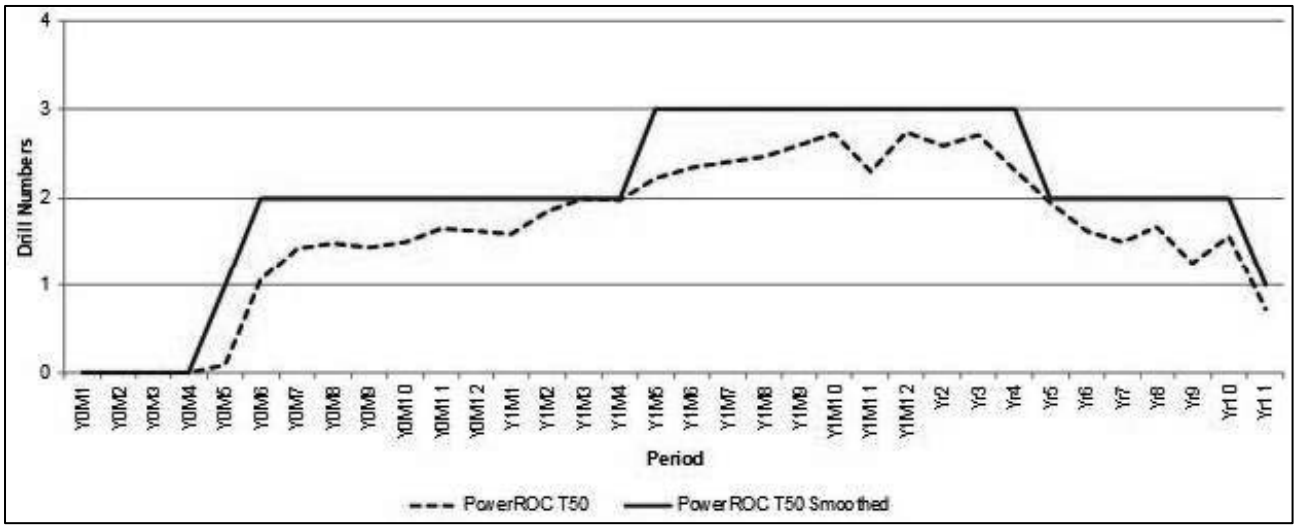

Figure 17: Drill fleet numbers – LOM schedule

Auxiliary Equipment

Mining support equipment was scheduled based on the mining activity in the mining schedule.

The Project has a relatively high ratio of support equipment to primary mining equipment to account for the difficult nature of the terrain, working in weak fresh rock, high bench turnover, a need to provide rock sheeting and the high rainfall conditions.

The mining support fleet will comprise:

- Two additional Cat 988 front-end loaders – one is dedicated to crusher feed and coarse ore rehandle
- Two small excavators (<40 t)
- Five dozers (track D7/8)
- One rock breaker
- Two graders (~14 M)
- One compactor (8 t)
- Two water trucks
- A fleet of 25-tonne tip trucks (<10).

CSA Global is of the opinion the equipment fleet has been worked up in a reasonable and straightforward manner that directly supports all activity expected in the mining and development schedules. Considerable focus will be required by the technical services team to ensure that under-utilised or surplus equipment is taken "off hire" at the first available opportunity in the mining schedule, or significant cost overruns can be expected in fleet costs for material moved.

Haul Road Development

Two major haul roads are to be developed between the two open pits and the ROM pad and are designed to follow the contours minimise cut-and-fill volumes (Figure 18). These have been estimated in the Capital Costs as they are developed in the pre-production phase and will be capitalised (and are discussed in that Section 2.9.8 of the Report).

An additional 15 km of other site roads are required to establish mining operations, and the costs to establish the mining locations inclusive of the development of these secondary roads is included in the operating costs for the mining operations in conjunction with the first six months of mining activity.

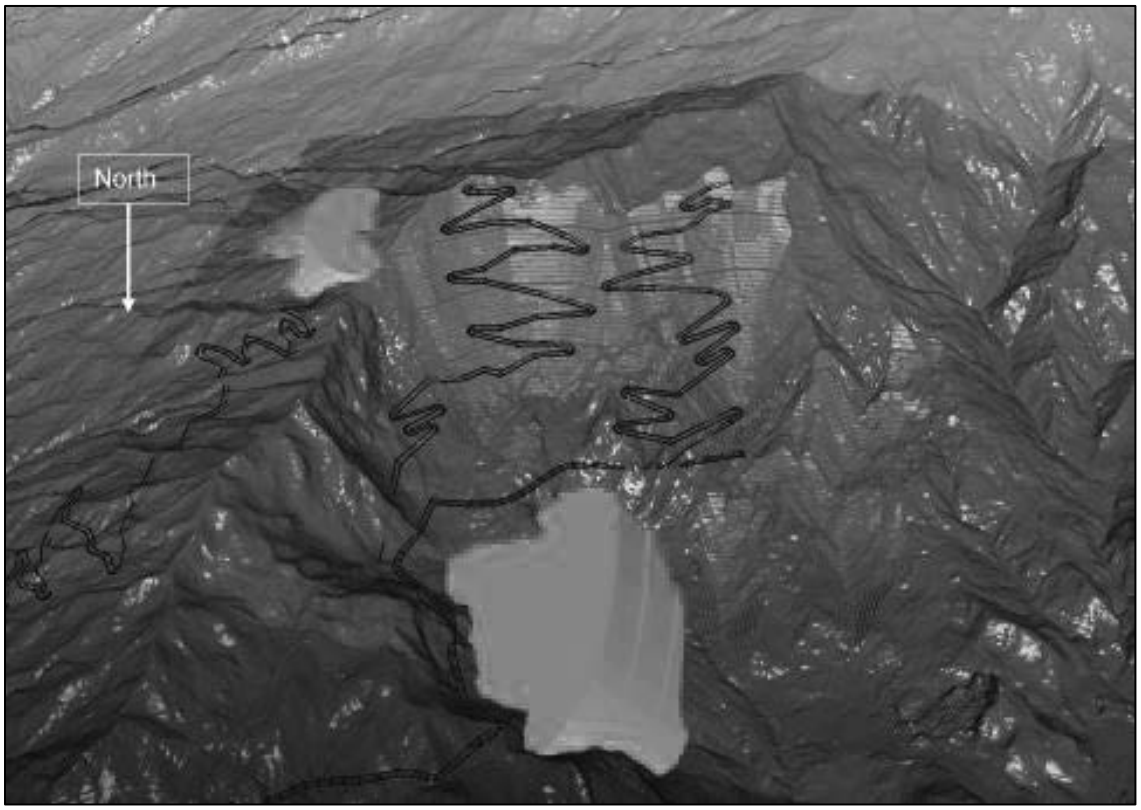

Figure 18: Awak Mas haul road design with high wall road

Table 12 depicts both capital and operating cost road development.

Table 12: Summary capital cost for the construction of haul roads (DFS)

Road area	Length (km)	Cost (US$)
Awak Mas access road	1.8	1,310,000
Salu Bulo access road	3.9	2,140,000
Other roads	15.0	4,440,000
Total		**7,890,000**

Grade Control

Grade control will be performed by a combination of RC drilling and blast-hole sampling.

Costs are based on an RC drilling cost (US$40 per metre), excluding additional compressor and other miscellaneous costs, and a sampling cost (US$25 per sample).

It has been assumed that 100% of ore material and peripheral waste will be sampled and the costs for this activity, including 12 employee samplers, is captured within the mining cost estimate.

Total assay costs also include 40% of the estimated contract laboratory fee.

CSA Global is of the opinion that although these costs are reasonable, they are at the lower end of what would be considered appropriate for a DFS estimate (±15%) and are likely to be unsustainable over the LOM.

Dewatering

Pit dewatering costs have been estimated on the basis that groundwater inflows and average rainfall will be locally managed by a dewatering crew of eight persons utilising a combination of four diesel skid-mounted pumps and sumps.

CSA Global is of the opinion these costs are reasonable.

Miscellaneous Costs

Miscellaneous operational overheads to be incurred by Masmindo and the mining contractor were provided for in the mining cost estimate.

Items estimated include sourcing sheeting rock, pit supplies, consultants, office supplies, annual software licence maintenance costs, mine-specific safety and training items, employee recruiting, and travel costs.

LOM estimates generated suggest that ~US$35.8 million has been budgeted. Most is recurrent annual expenditure except for ~US$1.65 million which is required as a one-off expense for the water monitoring piezometers, slope stability radar and groundwater de-pressurisation holes.

CSA Global is of the opinion these costs are reasonable.

Clearing, Grubbing and Topsoil Removal

Estimates were developed for the area and volume of topsoil to be removed (up to 300 mm depth over >200 ha) and stored for rehabilitation purposes. No cost or revenue was included for the harvesting and sale any timber produced (as discussed earlier).

The activity assumes that clearing, grubbing, and topsoil removal will be completed using dozers for clearing and pushing of topsoil and a Caterpillar 988 front-end loader and Scania mine trucks to load and haul this material.

Topsoil estimates are shown in Table 13.

Table 13: Topsoil harvested (DFS)

Stage	Total area (ha)	Volume (m^3)	Stored
Awak Mas Pit West	37	112,220	TS1 and TS2
Waste Dump NW1	28	83,552	TS1 and TS2
Awak Mas Pit Central	65	130,017	TS2 and TS3
Waste Dump SE	32	97,020	TS3 and TS4
Salu Bulo Pit 1	17	50,155	TS-SB
Salu Bulo Pit 2	2	4,940	TS-SB
WC_SB_final	23	67,718	TS-SB
Total	**204**	**545,622**	

CSA Global is of the opinion the estimation methodology used to calculate estimates for the topsoil resource are reasonable.

Mine Site Layout

Figure 19 gives a general overview of the planned mine site layout.

A ROM pad will be incorporated into the plant layout and is located ~20 m above the plant datum. The dimensions are not large (~160 m by 100 m) with a capacity for approximately 75 kt of ore of which 46 kt is effectively usable as plant feedstock.

Additional stockpiles of ore are planned to be located above the main waste dump approximately 100 m from the ROM pad (refer Figure 19). This stockpile (SP1) has a capacity of approximately 400 kt and can be brought online in the pre-production period due to limit fill requirements and its location between the open pit and the plant.

A significant volume of marginal grade material has been identified in the mining schedule (grade 0.4 g/t to 0.5 g/t). This material will be incorporated into the main waste dumps at Awak Mas and Salu Bulo for possible future recovery to the plant should economic conditions become favourable for treatment.

Haul roads on the surface were designed with total width of 15 m, allowing two-way traffic for all trucks.

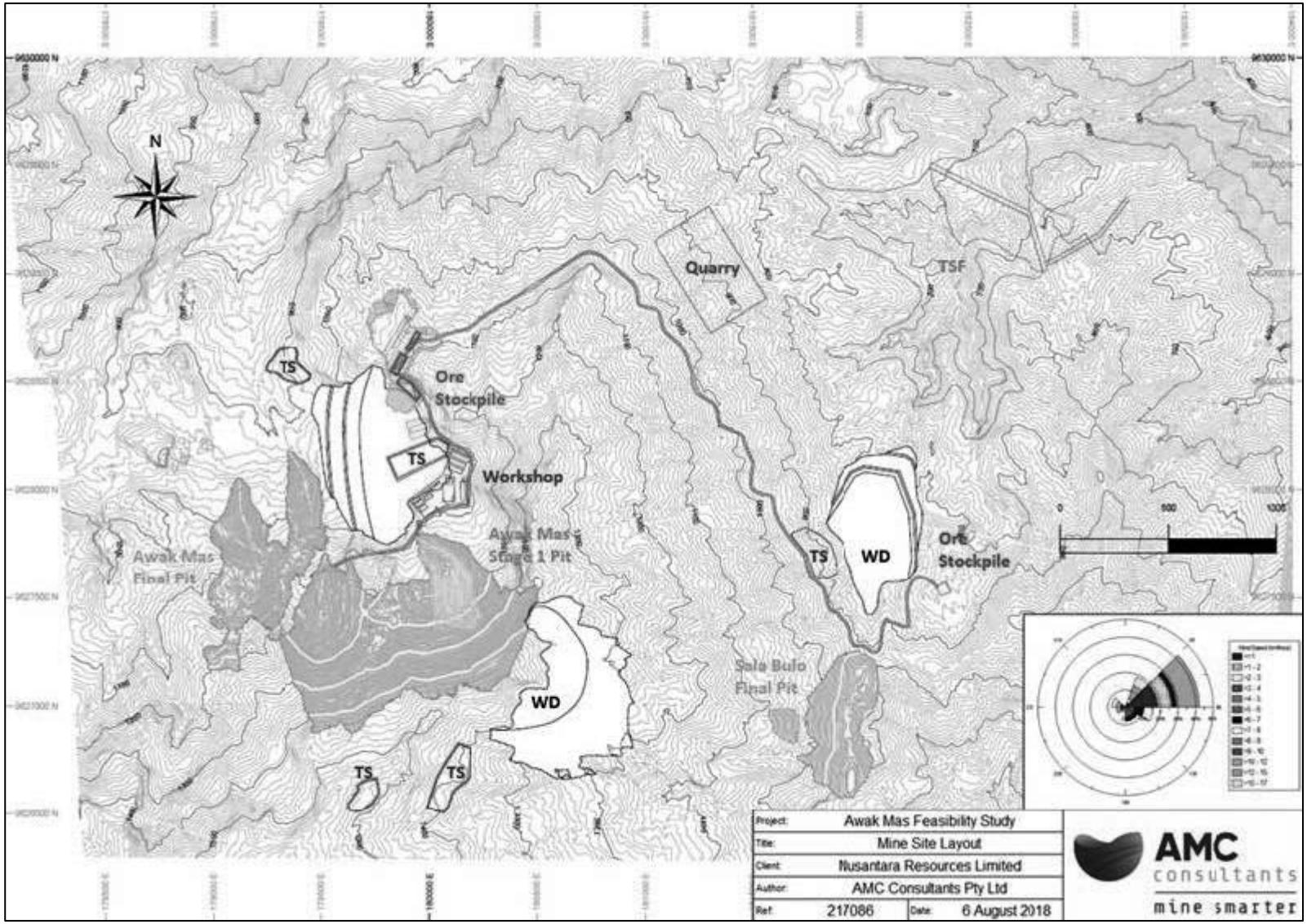

Figure 19: Mine area layout (DFS)

2.9.8 Operating Cost (OPEX) and Capital Cost (CAPEX) Analysis

Both the Operating and Capital Cost estimates were analysed using yearly summaries only.

The Mining Cost tables included in the DFS compilation have multiple transposition errors and these were corrected prior to analysis.

The average open pit operating cost is US$2.75 per tonne of material mined or US$7.02 per bank cubic metre (BCM) mined. Excluding the pre-production period (Year 0), the unit costs are US$2.57 per tonne. Total mining costs are US$345 million and an increase or decrease of US$1 million in costs changes the unit cost by approximately US$0.01 per tonne. LOM capital and operating cost summary is presented in Table 14.

Table 14: LOM capital and operating cost summary

Item	Unit	Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Total OPEX	US$ M	345,115	22,632	35,374	38,723	37,180	34,895	32,049	28,536	27,382	26,747	22,922	22,561	16,116
Total CAPEX	US$ M	16,732	10,520	1,578	25	-	109	8	86	832	548	312	1,097	1,618
Total OPEX + CAPEX	US$ M	361,847	33,152	36,952	38,748	37,180	35,004	32,057	8,620	28,214	27,295	23,234	3,658	7,734
Total OPEX + CAPEX	**US$/t**	**2.89**	**6.10**	**2.65**	**2.46**	**2.28**	**2.57**	**2.81**	**3.01**	**3.19**	**2.75**	**3.17**	**2.57**	**4.20**
Total OPEX + CAPEX	**US$/ BCM**	**7.37**												

Operating Cost Summary

Table 15 shows a summary of the operating cost by activity over the LOM for the Awak Mas project.

Table 15: Summary of operating costs by activity over the LOM (DFS)

Mining activity	US$'000	US$/BCM	US$/t LOM	US$/t (excluding pre-production period)
Load	24,237	0.49	0.19	0.18
Haul	99,005	2.01	0.79	0.75
Drill and blast	48,958	1.00	0.39	0.37
Pre-split	5,576	0.11	0.04	0.04
Grade control	9,678	0.20	0.08	0.08
Auxiliary equipment	68,651	1.40	0.55	0.49
ROM rehandle	6,898	0.14	0.05	0.05
Stockpile rehandle	2,421	0.05	0.02	0.02
Owner management supervisory and fixed roles	20,923	0.43	0.17	0.15
Contractor management, supervisory and fixed roles	12,494	0.25	0.10	0.09
Miscellaneous operational overheads (owner)	9,384	0.19	0.07	0.07
Miscellaneous operational overheads (contractor)	30,296	0.62	0.24	0.22
Dewatering	3,410	0.07	0.03	0.03
Contract infrastructure and services (fixed fees workshop and minor maintenance)	3,283	0.07	0.03	0.02
Total	**345,115**	**7.02**	**2.75**	**2.57**

Activity	$m	% Total
Load	24.1	7%
Haul	99.0	29%
Drill & Blast	49.0	14%
Auxiliary Equipment	68.7	20%
Pre-Split	5.6	2%
Grade Control	9.7	3%
ROM Rehandle	6.9	2%
Stockpile Rehandle	2.4	1%
Dewatering	3.4	1%
Overheads	76.4	22%
Total	**345.1**	**100%**

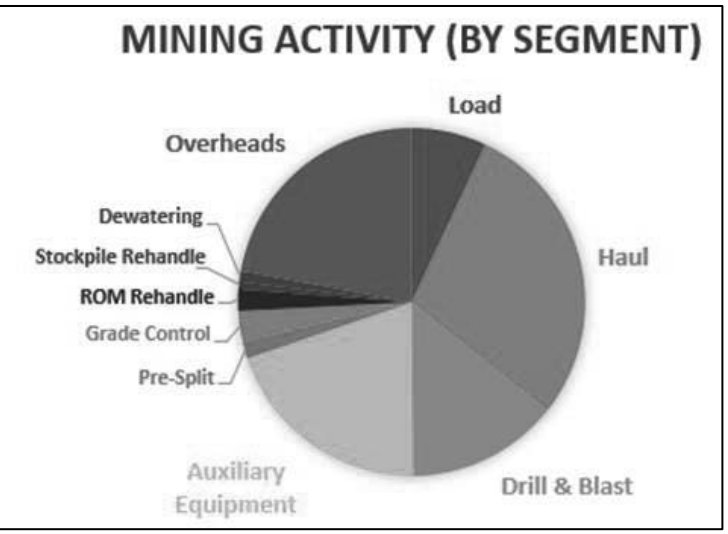

Figure 20: Mining activity by segment (LOM)

Figure 20 exhibits that an analysis of the mining activity shows that 50% of the expenditure relates to the key areas of load, haul and drill and blast and 78% of expenditure relates to all other mining activity excluding overheads.

As stated earlier, CSA Global is of the opinion the operating cost estimates are low for an operation of this type in a high rainfall area but would likely fit into the lower end of a DFS range limit of ±15%. When the different cost segments are analysed, no one particular area stands out above another as being overly conservative and lends credence to the view that the estimate of costs is low across the board.

A high-level analysis shows that the key activities bear an appropriate proportion of the total costs and estimates of mining overheads at approximately 20% also appears reasonable.

Capital Costs Summary

The total mining capital cost estimate of US$16.8 million (net of fuel taxes and transport) for the Awak Mas Project includes pre-production capital items and the remaining US$6.2 million expended over the LOM as sustaining capital.

The pre-production mining costs used in the financial model of US$18.0million takes into account the capitalised fuel taxes and transport that were excluded in the above estimate.

Capital cost estimates have included an estimate for the following items:

- Mining contractor's equipment mobilisation
- Clearance and grubbing activities
- Rock sheeting to the roads when built
- Mine technical software
- Ore storage and stockpile pads located at each open pit
- Haulage road from Awak Mas to plant ROM pad
- Haulage road from Salu Bulo to plant ROM pad.

Capital for the following items has been estimated elsewhere in the financial model:

- Workshop, wash bay, fuel store and truck laydown facility
- Mining contractor stores facility
- ROM pad and crusher interface
- Magazines (including magazine security)

- Offices for technical personnel
- Waste dump foundations.

CSA Global is of the opinion these costs are reasonable (on the low side) of a DFS estimate, as discussed earlier in the operating cost summary section. All pre-production mining and other earthwork activity is appropriately capitalised until the operation reaches nameplate production output and this treatment is also deemed to be reasonable and appropriate.

2.10 Processing – Metallurgical Testwork and Flowsheet Selection

The metallurgical testwork has been undertaken in four distinct programs that can be defined as:

- Pre-scoping and resource potential investigations
- Stage 1, 2 and 3 PFS metallurgical development testwork (1994–1996)
- Stage 1 DFS program
- Stage 2 DFS confirmation program.

The historical work includes a number of diagnostic and bench marking testwork programs from historical owners that has little bearing on the current study. The resource definition around Battle Mountain and other such project names is difficult to trace to the current resource definition and requires no further comment.

The Stage 1–3 metallurgical development program whilst being diligent and comprehensive in its detail and representation of the resource, was a PFS flowsheet selection investigation. The testwork was heavily focused on the gold flotation recovery flowsheet with the bulk of the stand-alone CIL works coming toward the back end of the program and geared towards parametric optimisation.

The Stage 1 works defined the comminution parameters, including optimal grind size, for the Project and generated baseline economic figures for the Project surrounding the domain recoveries in order for the DFS Project costing to be undertaken in 2018.

Nusantara, in conjunction with Minnovo, established early in the DFS process the key metallurgical gap analysis and formulated the Stage 2 metallurgical definition testwork program that has now been completed, and the review here will focus predominantly on the Stage 2 results.

2.10.1 Flowsheet Selection

Whilst the flotation process achieved acceptable recoveries from the testwork, it adds an element of variation and recovery risk that the CIL testwork has proven unnecessary to entertain. Flotation performance can be highly variable dependent on grind size and liberation achieved, can fail completely when significant organics, wood and humus is contained within the ore, as well as adding a further level of complexity that is not justified.

In CSA Global's opinion, the selection of the gravity/CIL over flotation flowsheet is a prudent choice and is outlined in Figure 21.

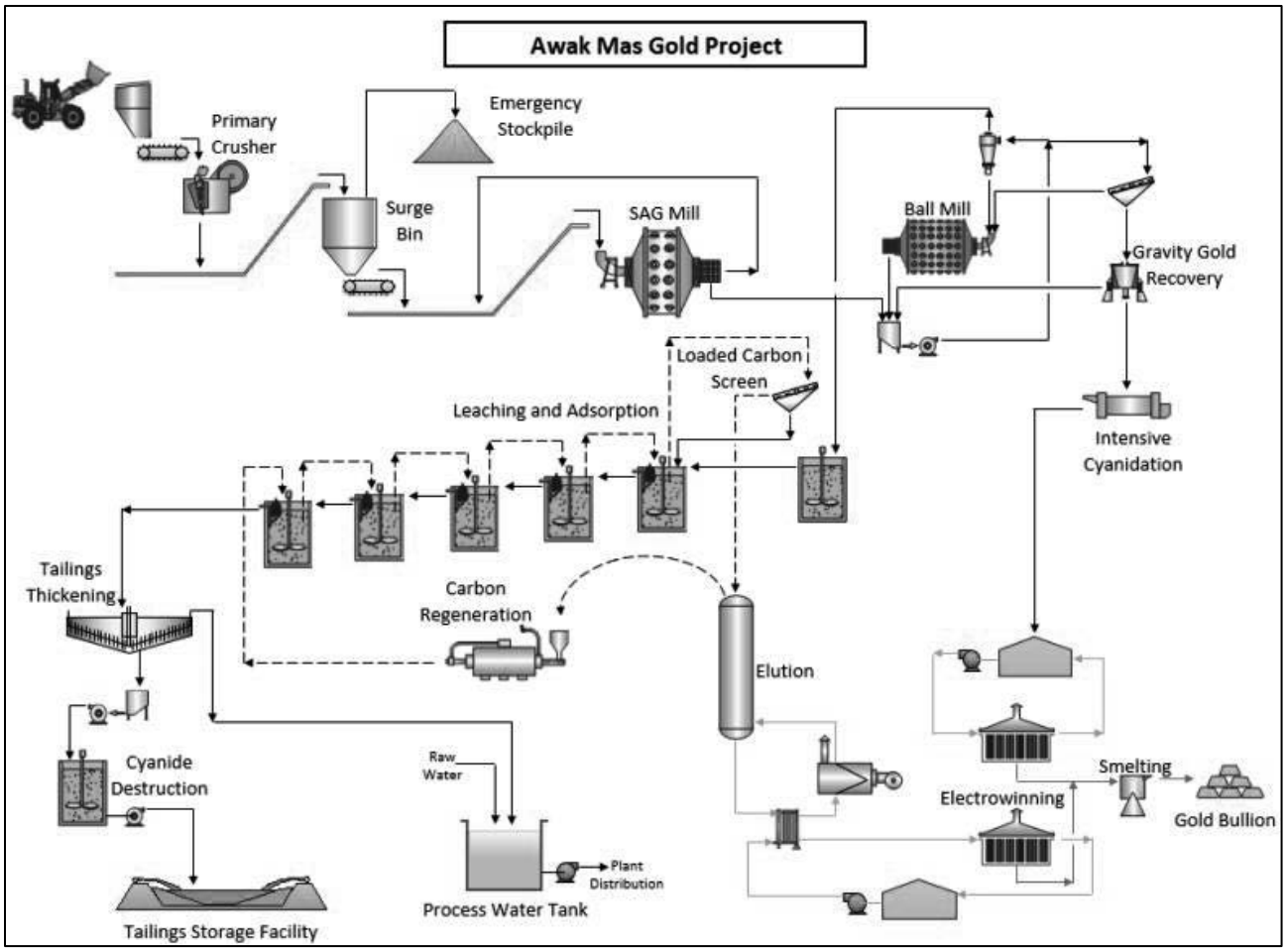

Figure 21: Proposed Awak Mas flowsheet

2.10.2 DFS Stage 1 Metallurgical Testwork Summary

The key findings and results from the Stage 1 DFS metallurgical works are outlined in Table 16 below.

Table 16: Stage 1 DFS metallurgical performance summary

Test number	Sample	Feed grade (g/t Au)	Gravity gold recovery (%)	Whole ore leach (24-hour cyanidation)	Total gold recovery (%)
1	Rante		49	86.6	93.2
2	Rante	1.50	61	82.5	93.2
3	Lematik	1.50	40	87.5	92.5
4	Lematik	1.46	69	85.4	95.5
5	Tanjung	1.46	78	80.1	95.5
6	Mapacing	1.75	83	54.7	92.3
7	Ongan	0.66	67	83.2	94.5
8	Salu Bolo	3.09	74	92.7	98.1
9	Tarra	1.41	61	95.4	98.2
	Average		**65**	**83.1**	**94.8**
	Global average		**25**	**84.4**	**88.2**
	75 µm average		**49**	**85.1**	**93.3**

The combined gravity/CIL process has achieved good gold recovery and extractions from all the tested ore zones.

When results are analysed in detail, the summary displayed above do not show a level of technical consistency across the tests from a number of key control and parametric perspectives.

Result 1 and 3 utilised mercury amalgamation to define the gravity recovery and has underestimated the potential, hence the repeat tests shown above. The choice of air vs oxygen injection and ranging from 8 ppm to 20 ppm dissolve oxygen is not consistent across the testing.

The nature of the samples themselves were derived predominantly from older drill core that has been exposed to external influences and could not be deemed fresh. Each sample was comprised from a single location and potentially not representative of the domain it was intended to characterise.

In CSA Global's opinion, whilst the Stage 1 DFS works made significant progress in relation to flowsheet selection, parametric optimisation and resource variation investigations further testwork was required. The Stage 2 testwork which is outline in more detail in Section 2.10.3 was designed to bring the level of detail and accuracy up to a standard that satisfies a Definitive Feasibility Study.

2.10.3 DFS Stage 2 Metallurgical Study

The Nusantara and Minnovo gap analysis defined the aims, tasks and approach to generating project and process figures that would satisfy the level of detail and confidence for completion of the Project DFS. This included new regional composites (18) derived from a number of drill locations as well as a greater number (18) of spatially variable spot samples passed through the selected flowsheet at constant unit operation parameters.

The works commenced in 2018 and were reported in September 2019. The works were managed by Minnovo and undertaken entirely at ALS in Perth, Western Australia.

The results for a selection of the resource composites tested are displayed below (Table 17) for indicative and comparative purposes. This table is not a complete representation of all the Stage 2 results. The full table of results are presented in the Awak Mas gold testwork report by Minnovo (2019).

Table 17: DFS Stage 2 metallurgical performance summary

Sample	Feed grade (g/t Au)	Gravity (%)	Leach (%)	Total gold recovery (%)
Mapacing/Ongan Composite	1.2	60.0	81.3	92.5
Rante	1.5	65.8	83.3	94.3
Tanjung/Lematik	1.4	75.1	83.1	95.8
Rante/Tanjung	1.6	77.0	78.2	95.0
Mapacing/Ongan LG	1.4	53.2	92.1	96.3
Rante/Tanjung/Lematik	1.6	67.8	92.5	97.6
Stage 2 average		**60.5**	**86.9**	**95.2**

The Stage 2 results have displayed a marginally higher gold recovery across the Project. However, the works are based on a much higher standard of sample origin/generation, integrity and process control that make the provided figures much more robust from a technical and economic projection perspective.

Several key process cost figures in relation to reagents increased during the works and this will be assessed in the following section.

CSA Global concludes that the projected gold recovery increase from 91.1% to 93.3% is based on sound metallurgical testwork and better resource definition composites and can be translated to the economic projection with a high level of confidence. A well-managed and properly maintained operation should be able to achieve these results in practice and the use of the 91.1% gold recovery would be considered conservative.

2.10.4 Cyanide Detoxification and Tailings

A key driver and risk factor for the project is the need to meet stringent environmental conditions of cyanide detoxification. The compliance figure is <0.5 ppm weak acid dissociable (WAD) cyanide and is one of the tightest regimens in practice.

The testwork (eight tests) on cyanide detoxification has been undertaken on the highest copper-bearing portions of the ore to ensure the design figures for reagent usage is at the highest level possible for economic considerations. This is technically prudent, and the 5.5 SO_2/CN_{WAD} design factor was adequately confirmed. Reagent usage from the DFS has increased but given the critical nature of the unit application to gold production and operation the over estimation is well advised.

The application of cyanide detoxification is crucial by its nature and role in the system. From a desktop point of view, the INCO process, is reasonably well understood. Upscaling from a 2-litre laboratory scale to the commissioning and operation of production scale unit does requires specific expertise that may not be apparent or provisioned for. The performance of the detoxification circuit is as dependent on physical phenomena such as air bubble shear, and agitation power as much as it is on pumping in the right ratio, volume and concentration of chemicals

There is also no mention of soluble silver in the detoxification process. The study makes minimal mention of silver levels in the ore, its extraction percentage and a tailings assessment of the speciation and its activity in and post the cyanide detox system.

CSA Global recommends a review of the expertise and commissioning requirements to ensure this crucial application achieves efficiency and is not an impact on the ramp-up schedule is advised.

2.10.5 Process Plant Operating and Capital Cost Review

Operating Cost Review

The Nusantara Awak Mas Project Operating Cost Breakdown in the 2018 Engineering Study is reported in Table 18 below.

Table 18: Nunsatara DFS process operating cost breakdown

Area	US$ M per year	US$/t ore	%
Labour	1.87	0.75	8.33
Power	5.05	2.02	22.50
Maintenance	1.53	0.61	6.81
Reagents	12.38	4.95	55.15
Miscellaneous	1.62	0.65	7.21
Total	**22.45**	**8.98**	**100.00**

CSA Global notes that the figures above do not reflect the results of the 2018 Stage 2 testwork program and is of the view that another edit of the operating costs is required incorporating the recommended reagent and unit cost increases as defined in the testwork outcomes. Further discussion of the reagent usage is outlined in Section 2.10.9.

2.10.6 Labour

The labour component has been reviewed and the manning roster/organisational chart seem prudent and in line for a project of this complexity and scale in the region. The specific labour rates and salary for personnel is location specific and can be bench marked against other current operations in the regions for quick assessment.

In CSA Global's opinion, whilst the number of individuals on plant seems correct, there may be a lack of key knowledge of the more highly specialised unit operations such as cyanide detoxification at the commissioning and early production stage of the Project. The commissioning requirements should be reviewed to ensure the Project can achieve the intended ramp-up schedule.

2.10.7 Power

The comminution testwork completed is extensive and has defined the material to a more than satisfactory degree of confidence for this level of study. The material can be defined as competent for crushing duties and moderate to moderate/soft for grinding applications.

The key parameter is the 12.8 kWhr/t Bond Ball Index. Whilst this figure sits at the higher end of material tested, the installed power on the mills is considerably higher allowing for increases over that observed in the testwork.

The electrical load listing and power consumption estimate of 12.5 MW installed and approximately 9 MW of duty power for the selected equipment is commensurate with the level of study and details the power requirements adequately. The grid power contract price of US$0.098/kWhr from the 2018 Study requires confirmation and projection across the planned mine life to ensure that external factors do not affect the long-term operating cost.

CSA Global is satisfied that the while the comminution testwork completed is extensive and has defined the material to an appropriate degree of confidence for this level of study, the 2018 grid power contract price review should be updated closer to commissioning to ensure that long-term operating costs forecasts remain appropriate.

2.10.8 Maintenance

The maintenance cost allocation has been factored from the over-arching capital cost which is reported in the study at US$49.65 million. The review of the Capital Cost breakdown is covered in the following section.

The maintenance allocation within the operating cost is US$1.53 million per annum and equates to:

- 6.5% of the installed equipment cost
- 4.29% of Total Direct Capital Cost and of the Total Process Plant Capital Cost.

CSA Global is of the opinion the capital figure provided within the study is deemed to be slightly on the lower side of the ±15% estimate figure, the maintenance provision is higher than that usually allocated in the DFS which falls in the 4-5% of capital equipment cost, typically an industry standard is in the 2.5% to 3% range of total capital directs. *"John S Page Conceptual Estimating Rev 2 1998"*

2.10.9 Reagents and Consumables

The biggest contributing factor to the Operating Cost model is that contributed by reagents, of which sodium cyanide is the dominant cost contributor.

A list of reagent and consumable increases vs the DFS issued Process Plant Operating Costs is shown below in Table 19.

Table 19: Stage 2 metallurgical program reagent/consumable increases

Reagent	DFS unit figure	Unit	Stage 2 requirement	Variation (%)
Sodium cyanide	0.366	kg/t	0.42	+ 14.75
Lime*	1.13	kg/t	2.01	+77.8
CuSO4*	49	g/t	78	+59.1
Flocc	20	g/t	69.1	+345
SMBS*	0.92	g/t	1.29	+ 40.2

**Mostly due to detox testwork not being undertaken or defined in Stage 1.*

It is estimated that these process increases will add 12–16% on the reagents cost displayed above in the original DFS Process Operating Cost Table (Table 18), thus making the figure closer to US$10.50 per tonne.

CSA Global's opinion is that these increases in operating cost whilst significant, are associated with the improved projected gold recovery of 2.2% which should offset from an over-arching economic standpoint.

2.10.10 Capital Cost Review

The Process Plant Capital Cost has been reported at a figure of US$49.65 million at a ±15% confidence level congruent with the requirements for a DFS.

A translation and breakdown of the Process Capital Cost is shown below (Table 20). This table has been re-created to report by discipline rather than actual Process Plant Area for high-level assessment only.

Table 20: Process plant capital cost assessment/summary

Breakdown	Cost ($US M)	%	Benchmark	Variation (%)
Total	**49.65**			
Directs	35.63	72	N/A	N/A
Indirects	14.02	28	N/A	N/A
Capital equipment	23.52			
Electrical and instrumentation	5.86	24.9	27.0	-2.1%
Piping	0.75	3.2	12	-8.8%
Civils and Earthworks	3.42	14.6	15.5	-0.9%
Structural steel	1.93	8.2	14.5	-6.2%
Other	0.34	1	7	-6.0%

The benchmark figures are supplied purely from a conceptual estimating point of view for very high-level checking and are not project, site, location nor study specific. It does not account for the rigour of detailed design that has been undertaken on the Nusantara Project, thus the "Other" category is used to account for omissions that should not be present in a project specific feasibility.

From a high-level review point and taking into account the cost of local labour, the only area that stands out is the Project Piping cost coming in at a total of US$752,900. The DFS capital cost document 3040-EST-G-0005 clearly shows that the only line item figure is in Area 300, Total Plant and all other areas refer to this global figure.

CSA Global is of the opinion that for a 313 tonne per hour CIL/gravity process plant, the US$752,900 allocated to piping seems to be exceedingly low. There was not the time nor scope to undertake an in-depth piping schedule assessment of lengths and unit costs, but this line item should have a detailed review/justification undertaken as it appears to be low. Without viewing the material take offs for the piping or reviewing the piping isometric drawings, an in-country estimate would only be an order of magnitude estimate. It estimated that a piping capital costs would be in the order of $US2 million.

The Indirects portion of the capital cost are congruent of projects in the region and of this nature. Typically, whilst individual labour rates are lower, the large number of people on the project require a greater degree of management and over-seeing than a typical western construction site. Again, a summary table with high level comparison figures is provided for comparison/benchmarking.

Table 21: Process plant capital indirects

Line item	US$ M	% of Total Directs	Benchmark	Variation (%)
Total Indirects	**14.03**			
Detailed design	5.15	14.45	12.0	+2.45%
Freight	1.80	5.04	As required	nil
Contractor cost/margin	1.70	4.77	3.0	+1.77
Commissioning	0.395	1.11	3.0	-1.89
Project management	4.00	11.21	6.0	+5.21
Other/Insurance	0.97	2.69	1.5	+1.19

In CSA Global's opinion, all the figures seem prudent, apart from the as previously stated "Commissioning and Ramp Up" provision. The target 91.3% availability and one to three months' full ramp-up schedule is aggressive and the provision for external project support for chemical and mechanical expertise as well as general help appears limited.

2.11 Infrastructure

2.11.1 Site Infrastructure

Roads

The roads support construction and operational activities and include access to the camp, mine facilities, water supply and nearby towns. They are a major consideration, as site access utilises existing government or public roads up to the adjacent village at Renteballa. The road width varies along this route from the main highway and the new port at Belopa. Road access (as shown in Figure 22) and requires upgrading to serve the Project requirements.

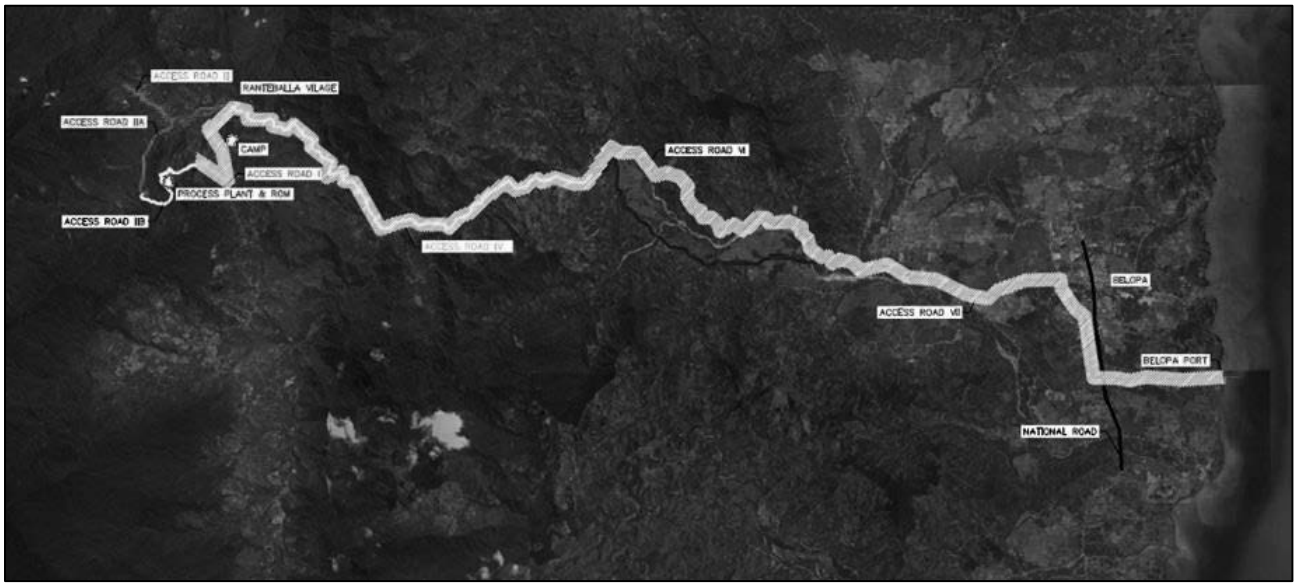

Figure 22: Main access route planned for the Project

Power Supply

The primary operations power demand is of the order of 12 MW with the potential for further growth.

PT Perusahaan Listrik Negara (PLN), the State's electrical company has committed to complete the construction of a 150 kV line from their grid backbone substation in Belopa to the site. Masmindo would be required to construct the 150 kV receiving substation and compensate the land access for the transmission towers installed.

The site distribution is then undertaken from the Masmindo 150 kV substation and includes overhead 11 kV distribution cables, concrete power poles and local substations. Each facility generally has a small substation with stepdown transformer with sufficient space for a secondary transformer of similar size for expansion or redundancy.

Communications

Site communications currently comprise a Very Small Aperture Terminal (VSAT) system as the local mobile networks do not have full coverage across the site and are not available at the existing exploration camp.

Discussions are currently underway to support the introduction of a telecommunications service provider to install a fibre optic cable along the PLN power transmission lines. A commercial mobile tower may also be installed prior to the commencement of operations to facilitate use of mobile phones throughout the area.

Water

The Project has access to significant amounts of water for mining, processing, camp facilities and other general uses. The main water requirements are:

- Raw water
- Service water (filtered raw water for general process plant use)
- Domestic water for domestic use
- Potable water for consumption.

Raw fresh water will be sourced from the local river and pumped via a pipeline to the process plant and main office area.

Hydrological analysis has determined that the local river system has capacity to meet these requirements and will not impact on other users of the river throughout the year.

Firefighting Systems

Firefighting systems are provided for all facilities across the Project and include:

- Fire hydrant systems
- Portable dry foam and CO_2 extinguishers where appropriate
- Foam generating systems for fuel storage areas
- Emergency response fire truck.

All designs and equipment will be constructed according to Indonesian and International Standards.

Camp

Camp facilities will comprise a 530-bed facility with the ability to provide meals to the full operations workforce throughout the site including distribution to the various lunchrooms.

The camp will utilise "hot beds" with operational staff assigned beds each roster as the overall project manning is larger than the camp capacity.

Early phased construction of the camp together with additional bunks will increase the camp capacity for construction and it will progressively transfer to operations as the Project construction phases are completed.

Offices

Site management and coordination offices for operations will be located adjacent to the processing plant and designed to accommodate Masmindo's key site personnel.

Site Support Facilities

Mining support facilities comprise buildings and structures to support mining and equipment maintenance. These facilities would include workshops, mining offices, warehousing, messing, prayer building (Masjid) and small-scale fuel storage.

Explosives Magazine

The explosives storage would be located on the north-eastern side of the lease with an access road leading from the main access road to the site from Ranteballa and through a security point.

The magazine would include bunded buildings as per industry practice for the storage of detonators and other explosive materials. A separate enclosed building outside this initial fence line would house the ammonium nitrate storage. An emulsion plant would access the stored ammonium nitrate as required.

Fuel Storage

The project's bulk storage requirements for mining and vehicles would be provided by a regional distributor located in Palopo via 16,000-litre trucks using the public and site roads.

Dispensing systems would include vehicle and truck bowser/dispenser as well as a loading rack for fuel tankers servicing the open pit mobile fleet.

Tailings Storage Facility Pipeline

The tailings storage facility discharge pipeline is planned to run from the north-eastern side of the processing plant to the tailings storage facility utilising service road easements etc where possible.

The planned alignment follows the existing access roads with the pipeline to be laid on concrete sleepers on the adjacent road shoulder.

The pipeline is initially planned as a steel pipe due to pressure requirements then stepping down to high-density polyethylene for the cross-country route. This pipe will continue to use concrete sleepers to ensure that natural water flows continue unimpeded.

CSA Global Opinion

CSA Global is of the opinion the design, functionality and amenity of the site infrastructure has been carried out to a reasonable standard and mostly appears fit for service. Power and communications are generally a local solution and become Project-specific.

2.11.2 Offsite Infrastructure

Offices

The main administration office, warehouse and core shed has been designed to accommodate Masmindo's administrative and logistics as well as providing an area for core analysis and storage over the life of the Project. This facility will be located in the Belopa township.

Coordination of all freight to the site, whether arriving at the Belopa Port or by truck from Palopo or Makassar ports will be located within this facility.

Port Facilities

The Belopa Port would be utilised during construction and subsequent operations, particularly for larger shipments where barge, LCT or small vessel charter is considered cost effective.

The port is fully constructed but operations permitting is pending. Allowance has been made for the Masmindo placement of one offloading crane and portable office with radio system for coordination of freight with the Belopa Logistics Centre. All freight is planned to be consolidated at the Belopa Logistics Centre.

The established Tanjung Ringgit Port (Palopo) could also be made available for vessels and transhipment as required. However, laydown areas and access to the jetty is limited and restricted to smaller 8–12 tonne road trucks.

The nearest major port for international freight, customs clearance is Makassar located on the east coast of Sulawesi.

CSA Global Opinion

CSA Global is of the opinion the design of the offsite infrastructure to be of a reasonable standard and mostly appears fit for service.

The cross-country nature of the current design for tailings storage facility pipeline presents issues with respect to spill containment following pipeline breaches. It is usual that pipelines of this type operate within a bunded pipeline corridor where spills from breaches can be isolated and later cleaned up without spreading into the local environment. CSA Global is of the opinion that additional capital will be required here to include pipeline bunding into the design of the pipeline.

2.12 Tailings Storage Facilities

CSA Global reviewed the Capital and Sustaining Capital costs allocated for the Awak Mas Tailing Storage Facility (TSF). The TSF is designed in the Kandeapi Valley east of the Awak Mas mine pit and process plant site.

The proposed TSF embankment is aligned east-west across the Kandeapi Valley, with a saddle dam extension to the south-east.

The key facilities related to the TSF include:

- TSF embankment (and spillway);
- tailings delivery pipeline (including deposition);
- gravity decant system (supernatant water management); and
- clean water diversion channel (roadside drainage west of TSF).

The TSF has been designed by Golder Associates. The design included substantial geotechnical and operational considerations.

A Capital estimate for the TSF was reviewed by CSA Global (*240-0400-EC-EST-0001_A11.36 240-400-EC-EST-001 Awak Mas DFS Capex TSF RL690_RL720 RevF.pdf)*. The estimate has been developed in a thorough manner where each stage of the embankment construction is separately costed. Costs are categorised into direct and indirect costs. The majority of the cost is in sourcing, transport and placement of construction materials including:

- Borrow materials:
  - Clay Core and Liner
  - Filter Drain
- Rock Fill from an adjacent quarry
- Rock fill from mined waste rock

The quarry construction has been staged according to the progression of the project and tailings storage requirements. The cost estimates match the TSF construction staging. The costs have been estimated in terms of Labour, Material, Equipment and Tools and Other costs.

CSA Global considers the TSF capital costs to be estimated in a sound manner and the resultant costs are reasonable.

2.13 Other Development Capital Cost Assumptions

CSA Global considers the capital cost assumptions for:

- Establishment of site support functions – US$10.7 million;
- Project execution – US$17.2 million
- Owners cost – US$11.7 million; and

- Contingency – US$12.6million

To be reasonable.

3 Valuation

Valuation of Mineral Assets is not an exact science and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are several generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Refer to Appendix A for a discussion of Valuation Approaches and Valuation Methodologies, including a description of the VALMIN classification of Mineral Assets.

3.1 Commodities Market

The gold price history in US$/oz and A$/oz for the five years prior to 3 January 2020 is illustrated in Figure 23. The variation in the gold price within Figure 23 over time in US$ and A$ terms, highlights the need to normalise transactions to account for variations in commodity prices and foreign exchange rates over time.

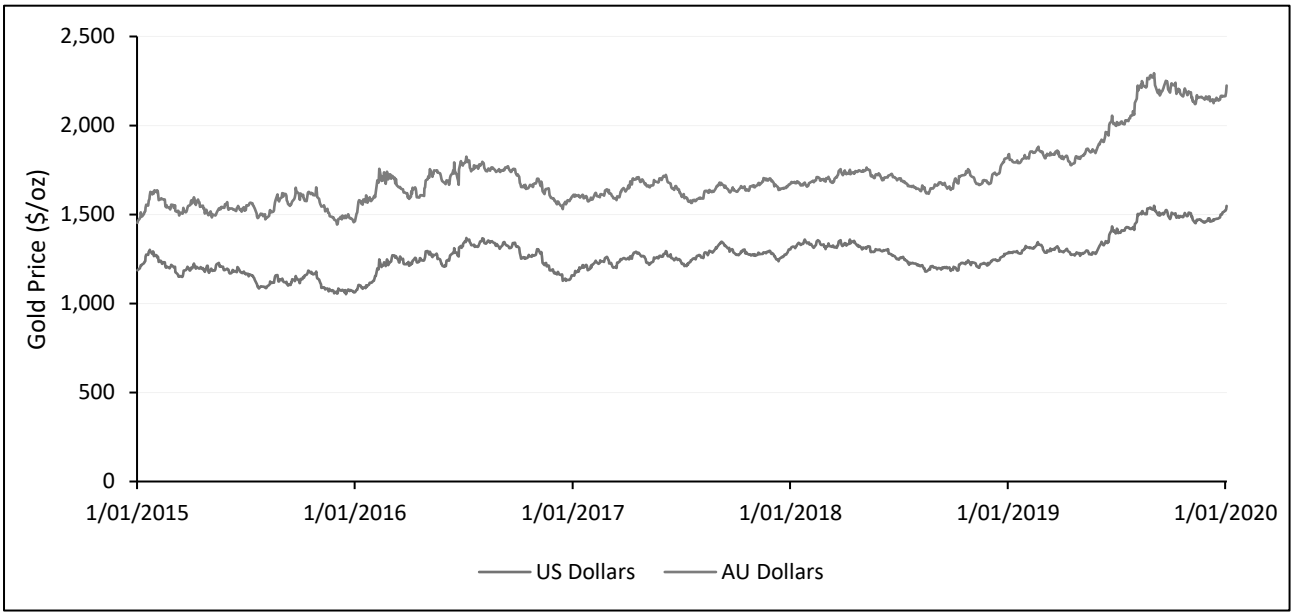

Figure 23: Five-year spot gold price in US$ and A$
Source: Data: S&P Global Market Intelligence

3.2 Previous Valuations

CSA Global is not aware of nor has it been made aware of any recent publicly reported valuations of the Project.

3.3 Valuation Scenario

CSA Global was requested by PwC to provide the valuation of the Mineral Resources outside of the DFS mine plan.

To estimate the gold ounces not included within the DFS mine plan, CSA Global has subtracted the gold ounces within the mine plan (Probable Reserves 1.14 Moz and Inferred Resources 0.03 Moz) from the Awak Mas, Salu Bulo and Tarra Mineral Resources (Section 2.8) resulting in approximately 0.83 Moz of gold (Table 22).

Table 22: CSA Global's estimate of Mineral Resources outside of the DFS mine plan

Area	Classification	Current Mineral Resources		FS mine plan inventory		Mineral Resources outside DFS mine plan	
		Tonnes (Mt)	Ounces (Moz)	Tonnes (Mt)	Ounces (Moz)	Tonnes (Mt)	Ounces (Moz)
Awak Mas	Indicated	36.4	1.62	24.1	0.99	12.3	0.63
	Inferred	3.1	0.10	0.8	0.02	2.3	0.08
	Subtotal	**39.5**	**1.72**	**24.9**	**1.01**	**14.6**	**0.71**
Salu Bulo	Indicated	2.9	0.16	2.8	0.15	0.1	0.01
	Inferred	0.6	0.02	0.3	0.01	0.3	0.01
	Subtotal	**3.6**	**0.18**	**3.1**	**0.16**	**0.4**	**0.02**
Tarra	Inferred	2.3	0.10	-	-	2.3	0.10
Total	**Indicated**	**39.3**	**1.78**	**26.9**	**1.14**	**12.4**	**0.64**
	Inferred	**6.0**	**0.22**	**1.1**	**0.03**	**4.90**	**0.19**
	TOTAL	**45.3**	**2.00**	**28.0**	**1.17**	**17.3**	**0.83**

Note: The values have been compiled to an appropriate level of precision; values may not add up due to rounding.

3.4 Comparable Transactions Valuation

In analysing the transactions, all amounts were converted to A$ at the relevant exchange rate at the time of the transaction announcement, where not already reported in A$. Joint venture transactions were only valued to the first earn-in milestone and any subsequent earn-in milestones were ignored. Exploration expenditure was discounted at a nominal 10% over the earn-in period, to bring future expenditure back to a present value. Future payments contingent on a future milestone such as declaration of a Mineral Resource or decision to mine were ignored.

3.4.1 Mineral Resources

CSA Global identified nine transactions from the last five years involving gold Mineral Resources in Indonesia. Seven were considered at a similar developmental stage to Nusantara's deposits, with two transactions being at a far more advanced stage being an operating mine. These two transactions were excluded from further analysis. These transactions are summarised and analysed in Table B1 of Appendix B.

The normalised A$/oz values were calculated using the spot gold price as at 3 January 2020, A$2,223.71/oz (US$1,548.22/oz), using the exchange rate of the day (0.6962). In CSA Global's opinion there have been no material changes between the 3 January 2020 and the valuation date 31 January 2020.

A summary of the Mineral Resource transactions is presented in Table 23 and Figure 24. These transactions encompass a range of grade, metallurgical performance, and mining scenarios. The use of a weighted average limits the influence of transactions involving small Mineral Resources but does increase the influence of transactions involving larger Mineral Resources.

Table 23: Summary statistics of selected transactions of gold Mineral Resources in Indonesia

Statistic	Implied (A$/oz)	Normalised (A$/oz)
Number of transactions	7	7
Minimum	3.20	4.76
Maximum	48.39	66.07
Median	5.63	7.40
Mean	18.98	25.81
Weighted average	**21.90**	**29.01**

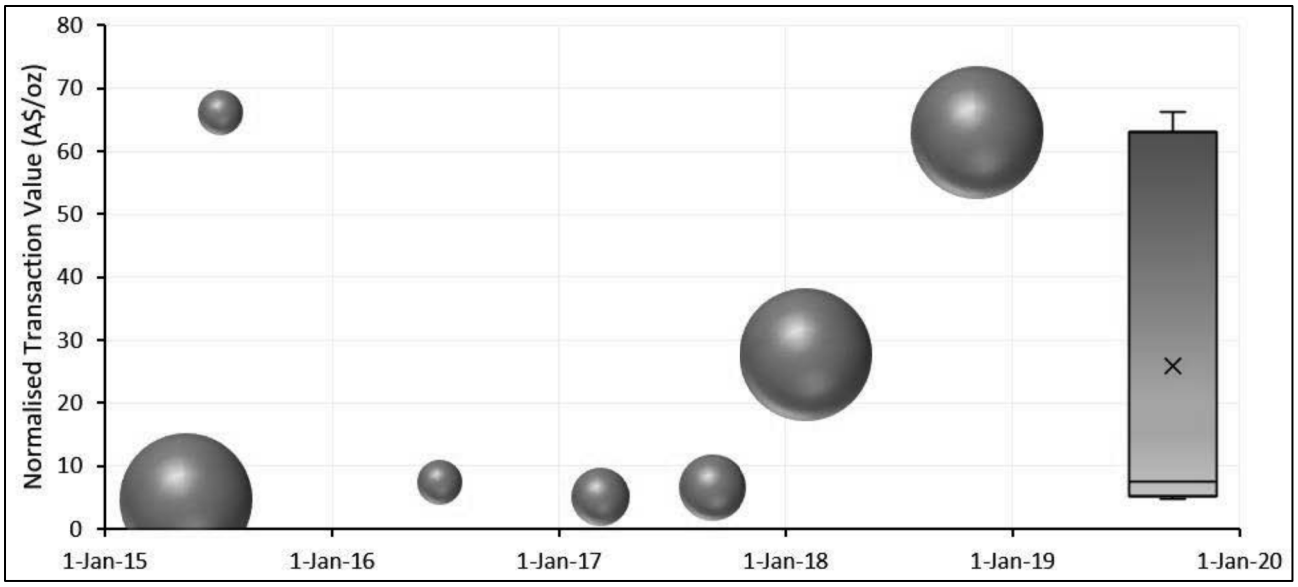

Figure 24: Comparison of gold Mineral Resource transactions in Indonesia
Note: Bubble size represents the contained gold ounces.

The range in the value per ounce of the comparative transactions is quite large (Figure 24) but appears to be reflecting the quality of the Mineral Resources. Higher values are being attributed to Mineral Resources with Measured and/or Indicated classified material.

In CSA Global's professional opinion and based on the review of the mine optimisation for the generation of the Ore Reserve and the DFS mining plan, the Mineral Resources at Awak Mas and Salu Bulo currently outside the DFS mine plan presently have a low potential for future extraction. This is primarily due to the geometry of the mineralisation and the very significant volume of additional waste that would be required to be removed to access these resources. CSA Global notes the lower gold price used in the DFS (US$1,250/oz), but in consideration of all factors, CSA Global has assigned a preferred value of A$3/oz to the Awak Mas and Salu Bulo mineral resources outside of the DFS mine plan, based on being lower than the minimum normalised cost per ounce of the comparative transactions in Table 23. CSA Global has assigned a range of A$1/oz to A$5/oz to apply to these Mineral Resources due to the uncertainty over the potential extraction pertaining to them.

In CSA Global's professional judgement, the Tarra Inferred Mineral Resource is considered to have a higher value per ounce than the Awak Mas and Salu Bulo Mineral Resources not included in the DFS mine plan. However, it is still at the lower end of the range of comparative transactions due to only being an Inferred Mineral Resource. Therefore, CSA Global has assigned a preferred value of A$10/oz. Following common industry practice, we have derived a valuation range by applying a ±20% factor, giving a range of A$8/oz to A$12/oz. This range is supported by the value distribution of the transaction set considered, and in our opinion, this provides a reliable value range for the Tarra Mineral Resource. A range greater than 20% creates too broad a range in our opinion, and a range less than 20% does not reflect the uncertainty of a pre-development stage project.

Application of these implied values resulted in a valuation range of A$1.5 million to A$4.9 million, with a preferred value of A$3.2 million (Table 24) for Nusantara's 100% interest.

Table 24: Awak Mas Gold Project Mineral Resource valuation by comparative transactions

Mineral Resource	Classification	Gold (Moz)	Valuation factors (A$/oz)			Valuation (A$ M)		
			Low	Preferred	High	Low	Preferred	High
Awak Mas	Indicated and Inferred	0.71	2.5	5	7.5	0.7	2.1	3.6
Salu Bulo	Indicated and Inferred	0.02	2.5	5	7.5	0.02	0.06	0.10
Tarra	Inferred	0.10	8	10	12	0.8	1.0	1.2
Total	**All**	**0.83**	**-**	**-**	**-**	**1.5**	**3.2**	**4.9**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

3.4.2 Contract of Work – Surrounding Exploration Potential

CSA Global considered the value of the surrounding exploration potential of the Project CoW in terms of the valuation factors derived from CSA Global's analysis of comparative market transactions of projects prospective for gold in Indonesia in the 10 years prior to the valuation date.

CSA Global expanded the search to 10 years for the gold projects without Mineral Resources due to a lack of meaningful transactions in the five years prior to the transactions date. These transactions are summarised in Table B2 of Appendix B and presented in Figure 25. CSA Global identified eight transactions of Indonesian projects prospective for gold in Indonesia. Table 25 presents the summary statistics of all the transactions, showing the implied price in A$/km^2 at the time of the transactions and the normalised price per km^2 using the 3 January 2020 gold spot price of A$2,223.71/oz (US$1,548.22/oz). In CSA Global's opinion there have been no material changes between the 3 January 2020 and the valuation date 31 January 2020.

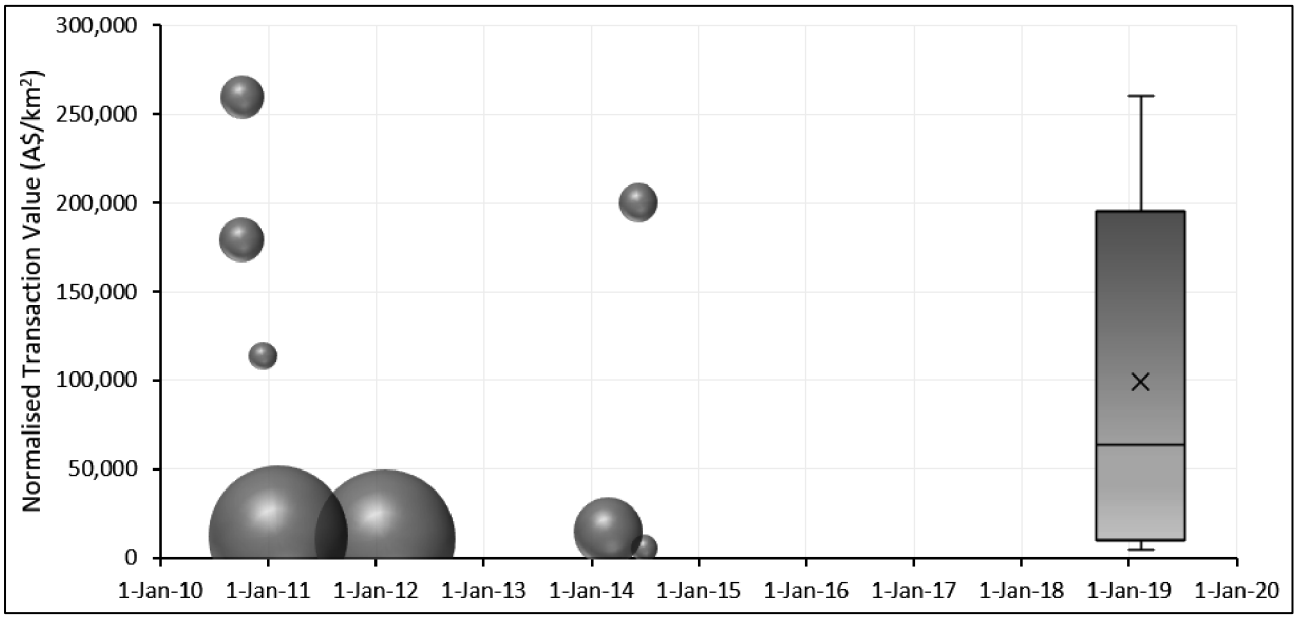

Figure 25: Comparison of CoW transactions prospective for gold
Note: Bubble size represents the area of the exploration licences.

Table 25: Summary statistics of selected CoW transactions prospective for gold

Statistic	All transactions	
	Implied (A$/km²)	Normalised (A$/km²)
Number of transactions	8	8
Minimum	3,637	5,456
Maximum	154,138	259,766
Median	40,262	64,142
Mean	63,253	99,455
Weighted average	**21,612**	**34,163**

CSA Global has chosen to subdivide the Project CoW into three areas based on its exploration potential as shown in Figure 4 in Section 2.7. CSA Global has apportioned 50% of the CoW area (143.9 km^2) to "Greenfields", 25% to "Brownfields" and 25% to "Near Mine". CSA Global has subtracted 1 km^2 for the Tarra Mineral Resource from the Brownfields area and 4 km^2 for the Awak Mas and Salu Bulo Mineral Resources from the Near Mine area (Table 26).

CSA Global has applied different value ranges and preferred values to the Greenfields, Brownfields and Near Mine area representing their different exploration potentials (Table 26).

Table 26: CoW exploration potential valuation factors

Exploration potential	Area (km²)	Valuation factors (A$/km²)		
		Low	Preferred	High
Greenfields	71.95	5,000	10,000	15,000
Brownfields	34.98	15,000	40,000	65,000
Tarra Mineral Resource	*1.00*	*Valued separately*		
Near Mine	31.98	65,000	100,000	200,000
Awak Mas and Saul Bulo Mineral Resource	*4.00*	*Valued separately*		
Total	**143.90**	-	-	-

CSA Global's rationale for the value ranges is based on the following:

- The Greenfields range is based on the lower range transactions, which on a normalised basis ranged from A$5,456/$km^2$ to A$14,445/$km^2$ in Appendix B, with the mid-point selected as the preferred.
- The Brownfields range starts at the high of the Greenfields range and ends based on the normalised median value of A$64,142/$km^2$ (see Table 25). The preferred value is mid-point of the range guided by the normalised weighted average of A$34,163/$km^2$ (see Table 25).
- The Near Mine range starts at the high of the Brownfields range, which is based on the normalised median value of A$64,142/$km^2$ (see Table 25). the high was based on second highest value transaction A$200,297/$km^2$ see Table B2 in Appendix B. The preferred value is at the lower end of the range based on the normalised average value of A$99,455/$km^2$ (see Table 25).

CSA Global notes it could not find any comparative transactions for the five years prior to the valuation date, only transactions preceding that. In CSA Global's opinion, this is an indicator of the general market sentiment towards exploration properties prospective for gold and in general in Indonesia. The Fraser Institute (2018, 2017, 2016) in its annual survey of mining companies ranked Indonesia in the bottom 10 jurisdictions in their policy perception index (PPI) for 2016 and 2017. Indonesia in 2018 improved a little to be 70th out of 83 jurisdictions in the PPI. In CSA Global's professional judgement, it has applied a 50% discount factor to account for this negative sentiment towards Indonesia. In CSA Global's opinion, the 50% discount is appropriate; it is not too high that all value is destroyed and is reflective of Indonesia's better performance in the Fraser Institute's (2018) investment attractiveness index.

Table 27 presents the valuation factors applied to the CoW exploration potentials.

Table 27: Awak Mas Gold Project CoW exploration potential valuation

Exploration potential	Area (km²)	Valuation factors (A$/km²)			Discount	Valuation (A$ M)		
		Low	Preferred	High		Low	Preferred	High
Greenfields	71.95	5,000	10,000	15,000	50%	0.2	0.4	0.5
Brownfields	34.98	15,000	40,000	65,000	50%	0.3	0.7	1.1
Near Mine	31.98	65,000	100,000	200,000	50%	1.0	1.6	3.2
Mineral Resources	*5.00*							
Total	**143.90**	**-**	**-**	**-**		**1.5**	**2.7**	**4.9**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

3.5 Yardstick Order of Magnitude Check

CSA Global used the Yardstick method as an order of magnitude check on the Awak Mas, Salu Bulo and Tarra Mineral Resources valuation completed using comparative transactions. The Yardstick order of magnitude check is simplistic (e.g. it is very generalised and does not address project-specific value drivers but takes an "industry-wide" view). It provides a non-corroborative valuation check on the primary comparative transactions' valuation method, allowing CSA Global to assess the reasonableness of the derived comparative transactions valuation and whether there are any potential issues with the preferred primary valuation method.

For the Yardstick order of magnitude check, CSA Global used the spot price for gold as 3 January 2020 of A$2,223.71/oz (US$1,548.22/oz). In CSA Global's opinion there have been no material changes between the 3 January 2020 and the valuation date 31 January 2020.

In addition, CSA Global utilised the following commonly used Yardstick factors:

- Inferred Mineral Resources: 0.5% to 1% of spot price
- Indicated Mineral Resources: 1% to 2% of spot price
- Measured Mineral Resources: 2% to 5% of spot price
- Ore Reserves: 5% to 10% of spot price.

The spot price for gold as at 3 January 2020 used for the Yardstick order of magnitude check was consistent with that used for the evaluation of Comparative Transactions data so that the results could be compared.

3.5.1 Awak Mas Gold Project – Yardstick

As with the Comparable Transactions valuation of the Mineral Resources in Section 3.4.1, the Yardstick valuation has been done on the Mineral Resources outside of the Project DFS mine plan as outlined in Section 3.3.

A summary of the Yardstick order of magnitude check for the Project based on the Yardstick factors above, resulted in the valuation and preferred values for the Mineral Resources in Table 28. Table C1 in Appendix C contains the detailed breakdown for each Mineral Resource category used in deriving Table 28.

Table 28: Summary Yardstick order of magnitude check of the Awak Mas Gold Project

Mineral Resource	Gold (Moz)	Valuation (A$ M)		
		Low	Preferred	High
Awak Mas	0.71	14.9	22.3	29.8
Salu Bulo	0.02	0.3	0.5	0.7
Tarra	0.10	1.1	1.7	2.2
All	**0.83**	**16.3**	**24.5**	**32.7**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

CSA Global notes that the Yardstick order of magnitude check valuation method does not make allowances for Awak Mas and Salu Bulo Mineral Resources outside of the DFS mine plan, which in CSA Global's

judgement, have a low potential for future extraction primarily due to the geometry of the mineralisation and the very significant volume of additional waste that would be required to be removed to access these resources. CSA Global would expect the Yardstick order of magnitude check valuation method to produce valuations for these two Mineral Resources considerably higher than those by the comparative transactions valuation method.

3.6 Geoscientific Factor Rating

The Geoscientific Factor method of valuation requires the consideration of those aspects of a mineral property, which enhance or downgrade the intrinsic value of the property. The first and key aspect of the Geoscientific Factor method described by Kilburn (1990) is the derivation of the Base Acquisition Cost (BAC) that is the basis for the valuation. Goulevitch and Eupene (1994) discuss the derivation of BAC, which represents the average cost to identify, apply for and retain a base unit of area of tenement.

CSA Global was unable to use the Geoscientific Factor Rating valuation method as CSA Global was unable to determine a BAC due to the required information not being available. The method in which CSA Global calculates the BAC utilises the average age of similar tenure in the jurisdiction. This was unknown for Indonesia. Additionally, as CoWs were based on separate contracts, rents and expenditure commitments could vary depending on the negotiated contract. The new Indonesian mining tenure awarding system is based on a competitive tender process. CSA Global did not consider it appropriate or reasonable to substitute a BAC from another country due to the uniqueness of the Indonesian tenure system.

3.7 Appraised Value Method – Multiples of Exploration Expenditure

The Appraised Value Method is based on the premise that the real value of an exploration property lies in its potential for the existence and discovery of an economic mineral deposit (Roscoe, 2002). It utilises a Multiple of Exploration Expenditure, which involves the allocation of a premium or discount to past *relevant and effective expenditure* using the Prospectivity Enhancement Multiplier. This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

CSA Global was unable to use the Appraised Value Method, due to the long life of Awak Mas Project with various different parties having worked on the project and that the granularity of the expenditure data is not sufficient to make a distinction between expenditure at the Mineral Resources and the exploration surrounding the Mineral Resources.

3.8 Valuation Summary

CSA Global has valued the Project on the Mineral Resources not included in the DFS mine plan and the exploration potential of the CoW surrounding these Mineral Resources, which contains targets prospective for gold that warrant further exploration.

3.8.1 Awak Mas Gold Project Mineral Resources Not Included in the Mine Plan

In forming an opinion on the market value of the Project Mineral Resources not included in the DFS mine plan, CSA Global has considered valuations derived from the Comparative Transactions as a primary method and Yardstick valuation as a secondary method. CSA Global has separated the comparison of valuation methods for the Tarra Mineral Resource (Figure 26) from the Awak Mas and Salu Bulo Mineral Resources (Figure 27).

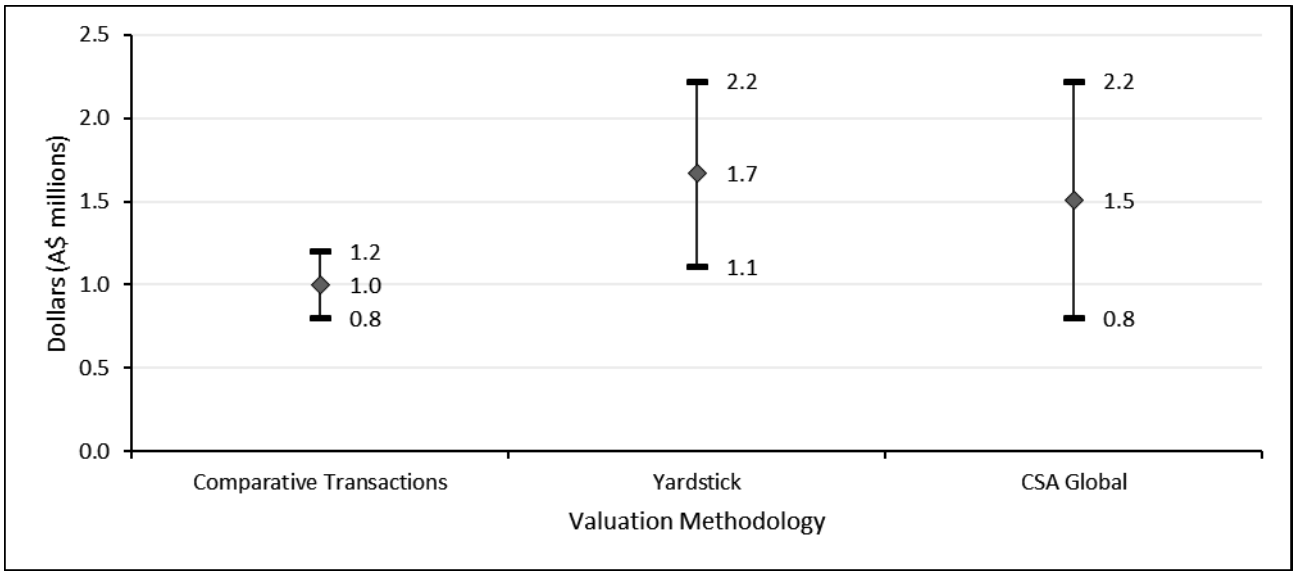

Figure 26: Tarra Mineral Resource – comparison of valuation techniques

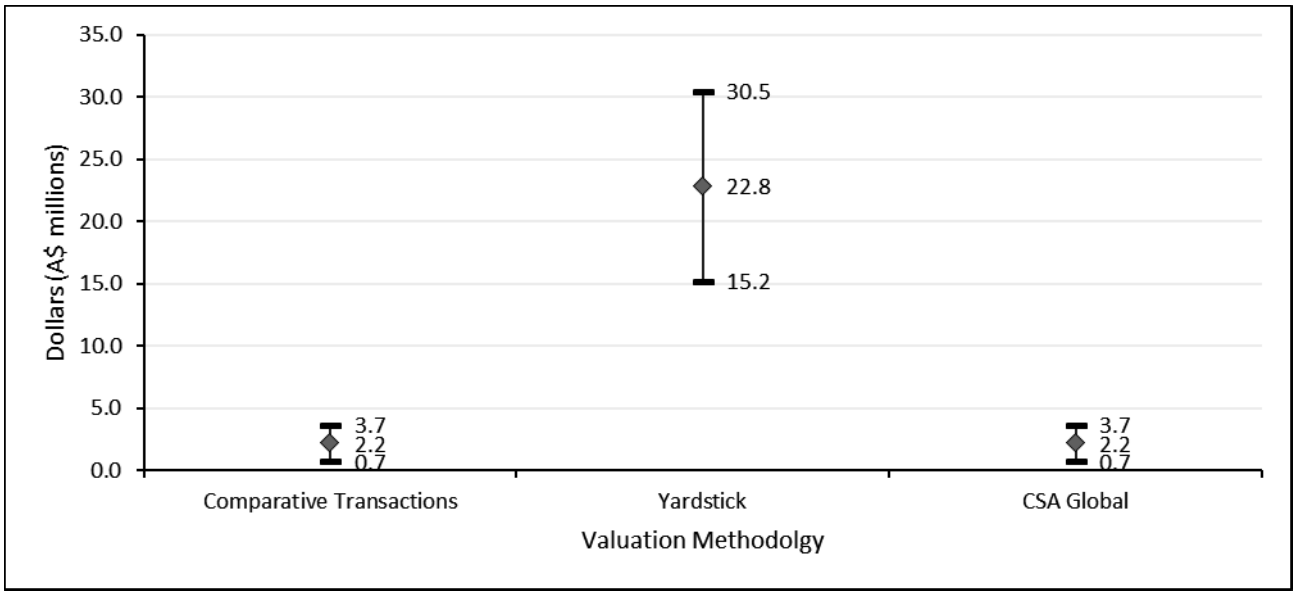

Figure 27: Awak Mas and Salu Bulo Mineral Resources – comparison of valuation techniques

CSA Global has elected to combine the valuation ranges derived by the Comparative Transaction and Yardstick valuation methods to value the Tarra Mineral Resources not included in the DFS mine plan. The secondary valuation by the Yardstick order of magnitude check determined that the Comparative Transactions valuation was reasonable. The Comparative Transactions valuation method is a primary valuation method and a more robust methodology for providing an indication of market value, compared to the Yardstick order of magnitude check, which is a secondary non-corroborative valuation method. However, CSA Global has used the Yardstick to provide additional guidance on potential value, due to the last comparative transaction being in November 2018 and that the Yardstick Valuation is capturing the presently higher gold prices between November 2018 (average A$1,684/oz) and the valuation date (A$2,224/oz).

For the Awak Mas and Salu Bulo resources outside of the DFS mine plan, as expected the value of the Yardstick valuation is higher than that derived from Comparative Transactions method. In CSA Global's professional opinion and based on the review of the mine optimisation for the generation of the Ore Reserve and the DFS mining plan, the Mineral Resources at Awak Mas and Salu Bulo currently outside the DFS mine plan presently have a low potential for future extraction primarily due to the geometry of the mineralisation and the very significant volume of additional waste that would be required to be removed to access these

resources. Due to this low potential CSA Global has elected to use a valuation range and preferred value lower than the range determined by the Comparative Transactions valuation method.

3.8.2 Surrounding Exploration Ground

CSA Global has only performed a valuation of the exploration ground surrounding the Project deposits by one valuation method being comparative transactions. CSA Global attempted a secondary cross-check valuation by the Geoscientific Rating Factor and Multiples of Exploration Expenditure. In both instances CSA Global was not able to undertake a valuation by these methods. There was insufficient information, and the granularity of the data that was available was not sufficient so that a valuation could be undertaken see Sections 3.6 and 3.7.

CSA Global notes that it could not find any comparative transactions for the five years prior to the valuation date, only transactions preceding that. In CSA Global's opinion, this is an indicator of the general market sentiment towards exploration properties prospective for gold and in general in Indonesia. The Fraser Institute (2018, 2017, 2016) in its annual survey of mining companies ranked Indonesia in the bottom 10 jurisdictions in their PPI for 2016 and 2017. Indonesia in 2018 improved a little to be 70th out of 83 jurisdictions in the PPI. In CSA Global's professional judgement, it has applied a 50% discount factor to account for this negative sentiment towards Indonesia. In CSA Global's, opinion the 50% discount is appropriate; it is not too high that all value is destroyed and is reflective of Indonesia's better performance in the Fraser Institute's (2018) investment attractiveness index.

3.8.3 Valuation Summary

CSA Global's opinion on the Market Value of Nusantara's Indonesian subsidiary PT Masmindo's Mineral Assets (Table 29), as at 31 January 2020, is that it lies within a range of A$3.0 million to A$10.7 million, with a preferred value of A$6.4 million.

Table 29: Summary valuation of the Awak Mas Gold Project in Australian Dollars

Mineral Asset	PT Masmindo interest (%)	Valuation (A$ M)		
		Low	Preferred	High
Awak Mas and Salu Bulo Mineral Resources (not included in DFS mine plan)	100	0.7	2.2	3.7
Tarra Mineral Resource	100	0.8	1.5	2.2
Exploration ground surrounding Mineral Resources	100	1.5	2.7	4.9
Total	**100**	**3.0**	**6.4**	**10.7**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

For comparison, CSA Global has also provided its opinion on the market value of the Project in US$ (Table 30).

Table 30: Summary valuation of the Awak Mas Gold Project in US Dollars

Mineral Asset	PT Masmindo interest (%)	Valuation (US$ M)		
		Low	Preferred	High
Awak Mas and Salu Bulo Mineral Resources (not included in DFS mine plan)	100	0.5	1.5	2.5
Tarra Mineral Resource	100	0.6	1.1	1.5
Exploration ground surrounding Mineral Resources	100	1.0	1.9	3.4
Total	**100**	**2.1**	**4.4**	**7.5**

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

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5 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (www.wikipedia.org).

batters and berms	Technical terms for the components of a final pit wall. The slope batters are typically 10–20 metres high vertically and have slopes between 40° and 70°. The horizontal berms between the batters are typically 5–10 metres wide.
Cainozoic	The Cainozoic (Cenozoic) is the current geological era. It began 66 million years ago and continues today.
Cretaceous	The Cretaceous is a geologic period and system that spans 79 million years from the end of the Jurassic Period 145 million years ago (mya) to the beginning of the Paleogene Period 66 mya.
diorite	Diorite is an intrusive igneous rock composed principally of the silicate minerals plagioclase feldspar (typically andesine), biotite, hornblende, and/or pyroxene.
gabbro	Gabbro is a coarse-grained, dark-coloured, intrusive igneous rock. It is usually black or dark green in colour and composed mainly of the minerals plagioclase and augite.
granotoid	A granitoid or granitic rock is a variety of coarse-grained plutonic rock.
hyaloclastite	Hyaloclastite is a volcanoclastic accumulation or breccia consisting of fragments (clasts) formed by quench fragmentation of lava flow surfaces during submarine or subglacial extrusion.
igneous	Extrusive igneous rocks, also known as volcanic rocks.
metamorphic	Metamorphic rocks arise from the transformation of existing rock types, in a process called metamorphism.
Oligocene	Oligocene Epoch, third and last major worldwide division of the Paleogene Period (65.5 million to 23 million years ago), spanning the interval between 33.9 million to 23 million years ago.
ophiolite	An ophiolite is a section of the Earth's oceanic crust and the underlying upper mantle that has been uplifted and exposed above sea level and often emplaced onto continental crustal rocks.
schist	Schist is a medium-grade metamorphic rock formed from mudstone or shale. Schist has medium to large, flat, sheet-like grains in a preferred orientation (nearby grains are roughly parallel).
sedimentary	Sedimentary rocks are types of rock that are formed by the accumulation or deposition of small particles and subsequent cementation of mineral or organic particles on the floor of oceans or other bodies of water at the Earth's surface.
serpentinite	Serpentinite is a metamorphic rock that is mostly composed of serpentine group minerals.
shale	Shale is a fine-grained sedimentary rock that forms from the compaction of silt and clay-size mineral particles that we commonly call "mud".
slate	Slate is a fine-grained, foliated, homogeneous metamorphic rock derived from an original shale-type sedimentary rock composed of clay or volcanic ash through low-grade regional metamorphism.
tuff	Tuff, also known as volcanic tuff, is a type of rock made of volcanic ash ejected from a vent during a volcanic eruption.

6 Abbreviations and Units of Measurement

°	degrees
°C	degrees Celsius
%	percent
3D	three-dimensional
A$	Australian dollars
AIG	Australian Institute of Geoscientists
AMC	AMC Consultants Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	gold
AusIMM	Australasian Institute of Mining and Metallurgy
BAC	base acquisition cost
Battle Mountain	Battle Mountain Gold Company
BCM	bank cubic metre(s)
CIL	carbon-in-leach
CoW	Contract of Work
CSA Global	CSA Global Pty Ltd
Cube	Cube Consulting Pty Ltd
DFS	definitive feasibility study
FOS	factor of safety
FS	feasibility study
g/t	grams per tonne (equivalent to ppm parts per million)
ha	hectare(s)
ID^2	inverse distance squared
km	kilometres
km^2	square kilometres
KNA	kriging neighbourhood analysis (studies to validate Mineral Resource estimation)
koz	thousands of ounces
kV	kilovolt (thousand volts)
Kwhr/t	kilowatt hours per tonne
LiDAR	light detection and ranging (survey)
LOM	life of mine
LUC	localised uniform conditioning
LWP	Linda Widyati & Pusponegoro
M	million(s)
m	metre(s)

m^3	cubic metre(s)
Masmindo	PT Masmindo Dwi Area
mm	millimetre(s)
Moz	million ounces
mRL	metres reduced level
Mt	million tonnes
MW	Megawatt (million watts)
NSR	net smelter return
Nusantara	Nusantara Resources Limited
OK	ordinary kriging
oz	troy ounce (31.1035 grams)
PFS	prefeasibility study
PLN	PT Perusahaan Listrik Negara
ppm	parts per million
PwC	PricewaterhouseCoopers Securities Ltd
QAQC	quality assurance and quality control (for sampling and assaying)
RC	reverse circulation
ROM	run of mine
SMU	selective mining unit
SSR	slope stability radar
t	tonnes
US$	United States dollars
WAD	weak acid dissociable

Appendix A: Valuation Approaches

Valuation of Mineral Assets is not an exact science; and a number of approaches are possible, each with varying strengths and shortcomings. Whilst valuation is a subjective exercise, there are a number of generally accepted methods for ascertaining the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation opinion is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Background

Mineral Assets are defined in the VALMIN Code[5] as all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Business valuers typically define market value as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criterion for a market valuation is that it is an assessment of "fair value", which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The VALMIN Code defines the value of a Mineral Asset as its Market Value, which is "the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after considering those factors which might impact on Value.

The concept of Market Value hinges upon the notion of an asset changing hands in an arm's length transaction. Market Value must therefore consider, inter alia, market considerations, which can only be determined by reference to "comparable transactions". Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or Mineral Resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration". Whilst acknowledging these limitations, CSA Global identifies what it considers to be "comparative transactions" (i.e. transactions that are useful to consider) to be used in assessing the values to be attributed to Mineral Assets.

Valuation Methods for Mineral Assets

The choice of valuation methodology applied to Mineral Assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

[5] *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) 2015 Edition.* Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

The VALMIN Code classifies Mineral Assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

- **"Early-stage Exploration Projects"** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **"Advanced Exploration Projects"** – tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource (as defined in the JORC[6] Code) estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **"Pre-Development Projects"** – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **"Development Projects"** – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Prefeasibility Study.
- **"Production Projects"** – tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived "market valuation".

The Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by the following general approaches: Income, Market and Cost (Table A1). The Market Value of Development and Production Projects are best assessed using the Market and Income approaches, whereas the Market Value of Exploration projects are best assessed using the Market and Cost approaches.

Table A1: Valuation approaches for different types of mineral properties (VALMIN, 2015)

Valuation approach	Exploration properties	Mineral Resource properties	Development properties	Production properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

Income

The Discounted Cash Flow/Net Present Value Method

The discounted cash flow (DCF) valuation method recognises the time value of money, it is most suitable for Development Projects, where detailed studies have been completed to justify input assumptions and Production Projects, where there is actual historical data to justify input assumptions. Less commonly the DCF methodology is applied to Pre-Development Projects.

[6] *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 Edition*. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

The DCF valuation method provides a means of relating the magnitude of expected future cash profits to the magnitude of the initial cash investment required to purchase a mineral asset or to develop it for commercial production. The DCF valuation method determines:

- The net present value (NPV) of a stream of expected future cash revenues and costs
- The internal rate of return (IRR) that the expected cash flows will yield on a given cash investment.

The DCF valuation method is a forward-looking methodology, requiring that forecasts be made of technical and economic conditions which will prevail in the future. All future predictions are inherently uncertain. The level of uncertainty reduces as the quality of the data available to project future rates of production and future costs, increases.

It is important to understand certain fundamental attributes of the mining industry in undertaking a DCF such as:

- An Ore Reserve and in some cases Mineral Resource is the basis of any mineral development.
- Costs are determined by the number of tonnes mined and processed, while revenues are determined by the number of tonnes, pounds or ounces of metal produced. The two are related by the recovered grade of the ore.
- Profit is typically more sensitive to changes in revenue that to changes in costs.
- The commodity price is a principal determinant of revenue but is also the factor with the greatest level of financial risk.

The most significant factors, which must be considered in a DCF valuation of a mineral asset is the reliability of the Mineral Resource and Ore Reserve, particularly with respect to recovered grade, the price at which the product is sold and the risk of not maintaining the projected level of commodity price.

Key inputs into the DCF valuation method for a mineral asset valuation are:

- Life-of-mine planning assumptions.
- Capital cost estimates – can be the initial cost of constructing the project and/or the ongoing cost of sustaining the productive life of the operation.
- Operating cost estimates – costs incurred both on-site in producing the commodity which is shipped from the property, and off site, in the transportation and downstream processing of that commodity into saleable end products.
- Revenue estimates – revenue in the mining context is the product of the following factors:
  - The tonnage of ore mined and processed
  - The grade of the ore
  - The metallurgical recovery
  - The price of the saleable commodity.
- Taxation and royalty payments.
- Discount rate – represents the risk adjusted rate of interest expected to be yielded by an investment in the mineral asset.

The Income Approach is not appropriate for properties without Mineral Resources. It should be employed only where enough reliable data are available to provide realistic inputs to a financial model, preferably based on studies at or exceeding a prefeasibility level.

Market

Comparative Transaction Method

The Comparative Transactions Method looks at prior transactions for the property and recent arm's length transactions for comparative properties.

The Comparative Transaction method provides a useful guide where a mineral asset that is generally comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

For the market approach resources are not generally subdivided into their constituent JORC Code categories. The total endowment or consolidated in situ resources are what drives the derivation of value. Each transaction implicitly captures the specific permutation of resource categories in a project. There are too many project-specific factors at play to allow any more than a consideration of price paid vs total resource base. Therefore, considering individual project resource permutations is neither practicable nor useful for this valuation approach. To that end, CSA Global's discussion of the market approach is predicated on the consolidated resource base, to allow application of the method.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration.

High quality Mineral Assets are likely to trade at a premium over the general market. On the other hand, exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the landholding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

Yardstick

The Rule-of-Thumb (Yardstick) Method is relevant to exploration properties where some data on tonnage and grade exist, and these properties may be valued by methods that employ the concept of an arbitrarily ascribed current in situ net value to any Ore Reserves (or Mineral Resources) outlined within the tenement (Lawrence 2001, 2012).

Rules-of-Thumb (Yardstick) Methods are commonly used where a Mineral Resource remains in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This Yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically, a range from 0.4% to 3% of the current spot price is used for base metals and PGM, whereas for gold and diamonds a range of 2% to 5% of the current spot price is used, and typically much lower factors are applied for bulk commodities. The method estimates the in situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned Mineral Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

This method is best used as a non-corroborative check on the order of magnitude of values derived using other valuation methods that are likely to better reflect project-specific criteria.

Cost

The Appraised Value or Exploration Expenditure Method considers the costs and results of historical exploration.

The Appraised Value Method is based on the premise that the real value of an exploration property lies in its potential for the existence and discovery of an economic mineral deposit (Roscoe, 2002). It utilises a Multiple of Exploration Expenditure (MEE), which involves the allocation of a premium or discount to past **relevant and effective expenditure** using the Prospectivity Enhancement Multiplier (PEM). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table A2 lists the PEM factors and criteria used in this Report.

Table A2: PEM factors

PEM range	Criteria
0.2 to 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 to 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 to 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 to 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 to 2.0	Scout drilling (rotary air blast, air-core, reverse circulation percussion) has identified interesting intersections of mineralisation
2.0 to 2.5	Detailed drilling has defined targets with potential economic interest
2.5 to 3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0 to 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Prefeasibility Study
4.0 to 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Geoscience Factors

The Geoscience Factor (or Kilburn) method (GFM), as described by Kilburn (1990), provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources. It seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The GFM method is essentially a technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies
- Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued
- Number and relative position of anomalies on the property being valued
- Geological models appropriate to the property being valued.

The GFM method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table A3).

Table A3: Geoscientific Factor ranking

Rating	Address/Off-property factor	On-property factor	Anomaly factor	Geological factor
0.5	Very little chance of mineralisation; Concept unsuitable to the environment	Very little chance of mineralisation; Concept unsuitable to the environment	Extensive previous exploration with poor results	Generally unfavourable lithology; No alteration of interest
1	Exploration model support; Indications of prospectivity; Concept validated	Exploration model support; Indications of prospectivity; Concept validated	Extensive previous exploration with encouraging results; Regional targets	Deep cover; Generally favourable lithology/alteration (70%)
1.5	Reconnaissance (rotary air blast/air-core) drilling with some scattered favourable results; Minor workings	Exploratory sampling with encouragement	Several early stage targets outlined from geochemistry and geophysics	Shallow cover; Generally favourable lithology/alteration (50–60%)
2	Several old workings; Significant reverse circulation percussion (RCP) drilling leading to advanced project	Several old workings; Reconnaissance drilling or RCP drilling with encouraging intersections	Several well-defined targets supported by reconnaissance drilling data	Exposed favourable; Lithology/alteration
2.5	Abundant workings; Grid drilling with encouraging results on adjacent sections	Abundant workings; Core drilling after RCP with encouragement	Several well-defined targets with encouraging drilling results	Strongly favourable lithology, alteration
3	Mineral Resource areas defined	Advanced resource definition drilling (early stages)	Several significant sub-economic targets; No indication of "size"	Generally favourable lithology with structures along strike of a major mine; Very prospective geology
3.5	Abundant workings/mines with significant historical production; Adjacent to known mineralisation at Prefeasibility Study stage	Abundant workings/mines with significant historical production; Mineral Resource areas defined	Several significant sub-economic targets; Potential for significant "size"; Early stage drilling	
4	Along strike or adjacent to Resources at Definitive Feasibility Study stage	Adjacent to known mineralisation at Prefeasibility Study stage	Marginally economic targets of significant "size" advanced drilling	
4.5	Adjacent to development stage project	Along strike or adjacent to Resources at Definitive Feasibility Study stage	Marginal economic targets of significant "size" with well drilled Inferred Resources	
5	Along strike from operating major mine(s)	Adjacent to development stage project	Several significant ore grade co-relatable intersections	

The Geoscience Rating Factor valuation method is a subjective valuation method and different valuation practitioners are likely to derive different on-off property, anomaly, and geological factors, based on their interpretation and understanding of the project. Different descriptions of the rating factors also exist. However, provided the same rating system of factors and descriptions of their values is used, the results from different practitioners should not be dramatically different.

The Basic Acquisition Cost (BAC) is an important input to the GFM. In essence, it is the average cost to acquire and hold an average age tenement in the jurisdiction and it is determined by summing the costs to identify and area of interest, application fees, annual rents and other government costs, work required to facilitate granting (e.g. native title, environmental etc.) and minimum annual statutory expenditures. In other words, the BAC is the total average expenditure per standard unit area (km², hectare, sub-block, etc.) and captures the identification cost and then the application and retention costs. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

The standard references on the method (Kilburn, 1990; Goulevitch and Eupene, 1994) do not provide much detail on how the market factor should be ascertained. CSA Global takes the approach of using the implied value range from our selected Comparable Transactions to inform the selection of a GFM market factor. Our presumption is that the comparatives are capturing the market sentiment, so any other valuation method should not be significantly different (order of magnitude).

This is achieved by finding the market factor that produces an average GFM preferred value per unit area for whole project (i.e. total preferred GFM value divided by the total area) that falls within the range of the comparatives implied values per unit area. It is CSA Global's view that this adequately accounts for global market factors on an empirical basis. For example, if the implied value range is \$100/km^2 to \$2,000/km^2, then the market factor should give an average GFM preferred value per unit area that falls within that range.

CSA Global generally would select a market factor (rounded to an appropriate number of significant digits) that gives a value closer to the upper end of the range (though this is the valuer's judgement call). This is because the GFM is a tool that addresses the exploration potential of a project and is best suited to informing the upper end of valuation ranges for a project.

Geological Risk Method

In the Geological Risk Valuation method, as described by Lord *et al* (2001), the value of a project at a given stage of knowledge/development is estimated based on the potential value of the project at a later stage of development, discounted by the probability of the potential value of the later stage being achieved, and considering the estimated cost of progressing the project to the next stage.

The relevant stages of exploration are defined in Table A4.

Table A4: Definition of exploration stages

Stage	Description
Stage A	Ground acquisition, project/target generation
Stage B	Prospect definition (mapping and geochemistry)
Stage C	Drill testing (systematic reverse circulation, diamond drilling)
Stage D	Resource delineation
Stage E	Feasibility

The expected value (E) of a project at a given stage is then dependent on the target value at the next stage (T), the probability of successfully advancing the project to the next stage (P), and the cost of advancing the project (C). This can be expressed as:

$$E = P * (T - C)$$

This valuation method generates an expected value for each project (or prospect) at each of the main exploration stages or decision points, by working back from a Project's target value. A project's target value can be based on an expected NPV from a reasonably constrained DCF model, or from a reasonable approximation of the value of a defined resource, in which case the initial target value will be the value at the end of Stage D, as opposed to the value at the end of Stage E.

Lord *et al* (2001) concluded that the probability of successfully proceeding from one exploration phase to the following one was as depicted in Table A5, based on a detailed study of gold exploration programs in the Laverton area of Western Australia.

Table A5: Probability of successfully proceeding from one exploration stage to another

Stages	Probability of advancing
Generative to reconnaissance	0.54
Reconnaissance to systematic drill testing	0.17
Systematic drill testing to Resource delineation	0.58
Resource delineation to Feasibility	0.87
Feasibility to mine	0.90

Source: Lord et al. (2001)

Valuation Approaches by Asset Stage

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table A1 shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

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Appendix B: Comparative Transactions

Table B1: Comparative transactions of gold Mineral Resources in Indonesia

Date	Project	Buyer	Seller	Mineral Resource grade (g/t)	Mineral Resource contained Au (Moz)	Measured and Indicated Resources (%)	Transaction value (100%) A$ M	Implied value (A$/oz)	Normalised value (A$/oz)
5 Nov 2018	Pani	PT Merdeka Copper Gold Tbk	Provident Capital Partners Pte Ltd	0.82	2.37	85	114.68	48.39	62.97
9 Aug 2018	Martabe	PT Danusa Tambang Nusantara	EMR Capital		9.72		1,715.78	176.55	239.38
2 Feb 2018	Pani	Lion Selection Group Ltd	One Asia Resources Ltd	0.82	2.37	85	49.50	20.89	27.69
5 Sep 2017	West Lombok	PT Ancora Indonesia Resources Tbk	Southern Arc Minerals Inc.	1.5	0.59	0	2.93	4.95	6.61
9 Mar 2017	Barisan 1	Private Company	Barisan Gold Corp.	1.484	0.45	0	1.66	3.71	5.16
22 Jun 2016	Sangihe	Core Mining Pte Ltd	East Asia Minerals Corp.	1.2	0.26	52	1.47	5.63	7.40
23 Nov 2015	Martabe	EMR Capital	G-Resources Group Ltd		8.5		1,141.37	134.29	200.76
7 Jul 2015	Sangihe	PT Arisinali	East Asia Minerals Corp.	1.2	0.26	52	12.02	46.11	66.07
11 May 2015	Pani	Provident Capital Partners Pte Ltd	One Asia Resources Ltd	0.82	2.37	85	7.59	3.20	4.76

Note: The two transactions highlighted in yellow for the Martabe Project were ignored due to being for an operating mine and significantly more advanced than the Awak Mas Project.

Table B2: Comparative transactions of CoW prospective for gold in Indonesia

Date	Project	Area (km²)	Buyer	Seller	Transaction	Transaction value (100%) A$ M	Implied value (A$/km²)	Normalised value (A$/km²)
30 Jun 2014	Wonogiri	39.3	PT Rajawali Corp.	Augur Resources Ltd	Acquisition 35%	0.14	3,637	5,456
9 Jun 2014	Not named	81.0	Vanguard Mining Corp.	PT Cendrawasih International	Acquisition 70%	9.92	122,451	200,297
28 Feb 2014	Taliwang	246.1	Private Investor	Southern Arc Minerals Inc.	Acquisition 90%	2.17	8,831	14,445
1 Feb 2012	Derewo River	1,029.0	Paniai Gold Ltd	PT Madinah Qurrata'ain	Acquisition 30%	6.47	6,291	10,420
3 Feb 2011	Derewo River	1,029.0	West Wits Mining Ltd	Paniai Gold Ltd	Acquisition 50%	8.00	7,775	12,388
15 Dec 2010	Wonogiri	39.3	Augur Resources Ltd	Minerals and Metals Group	Joint Venture – Earn In 51%	2.82	71,694	113,839
4 Oct 2010	Sabalong	99.5	Vale S.A.	Southern Arc Minerals Inc.	Joint Venture – Earn In 75%	13.06	131,212	179,030
4 Oct 2010	East Elang	96.7	Vale S.A.	Southern Arc Minerals Inc.	Joint Venture – Earn In 75%	14.91	154,138	259,766

Appendix C: Detailed Yardstick Valuation

Table C1: Awak Mas Gold Project – detailed Yardstick valuation

Mineral Resource	Classification	Ounces (Moz)	Equity (%)	Yardstick factors			Valuation (A$ M)		
				Low	Preferred	Low	Preferred	Low	Preferred
Awak Mas	Indicated	0.63	100	1.0%	1.50%	2.00%	14.0	21.0	28.0
	Inferred	0.08	100	0.5%	0.75%	1.00%	0.9	1.3	1.8
	Subtotal	**0.71**	**100**	-	-	-	**14.9**	**22.3**	**29.8**
Salu Bulo	Indicated	0.01	100	1.0%	1.50%	2.00%	0.2	0.3	0.4
	Inferred	0.01	100	0.5%	0.75%	1.00%	0.1	0.2	0.2
	Subtotal	**0.02**	**100**	-	-	-	**0.3**	**0.5**	**0.7**
Tarra	Inferred	0.10	100	0.5%	0.75%	1.00%	1.1	1.7	2.2
TOTAL		**0.83**	**100**	-	-	-	**16.3**	**24.5**	**32.7**

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NUSANTARA RESOURCES LIMITED

ABN 69 150 791 290

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Need assistance?

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+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (WST) Monday 27 April 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative
If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form: XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

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Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I IND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

INFORMATION ONLY

I/We being a member/s of Nusantara Resources Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Nusantara Resources Limited to be held at Nusantara Resources Limited, Ground Floor, 20 Kings Park Road, West Perth, Western Australia on Wednesday, 29 April 2020 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Issue of Shares to PT Indika Mineral Investindo and increase in Voting Power of the Indika Group	☐	☐	☐
2	Partial divestment of assets	☐	☐	☐
3	Grant of Share Pledge by the Company's subsidiary	☐	☐	☐
4	Grant of Options to PT Petrosea Tbk. (or its nominee)	☐	☐	☐
5	Grant of Options to PT Indika Energy Tbk. (or its nominee)	☐	☐	☐
6	Ratification of prior issue – Shares	☐	☐	☐
7	Ratification of prior issue – Shares	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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