

# 2019 Highlights

## ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held 1.00pm, Friday, 29 May 2020 at Level 2, 175 Flinders Lane Melbourne Victoria and Teleconference.



## CORPORATE VISION

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

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

## 2019 HIGHLIGHTS

### December 2019

Awak Mas Gold Project Funding - Strategic Partner to invest in the project

### November 2019

Option to Cancel Awak Mas Gold Project royalty

### October 2019

Step-out drilling at Awak Mas Gold Project intersects 63.7m at 2.12g/t gold

### August 2019

Mr Neil Whitaker appointed Chief Executive Officer, based in Jakarta

### June 2019

Metallurgical test work increases overall recovery assessment for Project from 91.1% to 93.3%

### March 2019

Initial sounding completed with a group of international banks

### January 2019

Shareholders approve introduction of strategic partner PT Indika Energy Tbk to share register





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# EXECUTIVE CHAIRMAN REPORT



Dear Shareholders,

Firstly I would like to wish all of our stakeholders and their families a safe and healthy 2020 as Indonesia, Australia and the world continues to deal with the COVID-19 pandemic impact. We understand this is a time of uncertainty, volatility

and challenge. Business and personal plans will continue to adapt and evolve. At Nusantara, and our subsidiary Masmino, our Executive is first and foremost focused on the wellbeing of our people and communities as we formulate and implement policy and response.

As a board and executive, we are tasked with looking forward and an Annual report is an opportunity for reflection of achievements. I am extremely proud of our 2019 outcomes. Nusantara continues to advance the Awak Mas Gold Project to development. The key highlight of 2019 was finishing the year with a clear funding pathway and a work program to start Early Capital works in 2020.

At the project level, we are well funded with Indonesian partner Indika to invest USD40M for a 40% project interest and Petrosea to spend up to USD40M on Engineering (FEED) and Construction (EPC). At the Nusantara corporate level, we finished the 2019 year with an

AUD11M equity raising to ensure we cover our share of funding.

We have the people, money, vision and commitment to bring Indonesia's next new gold mine to development and production. The foundations of our success are with our strategic partner and shareholders. The relationship with our partner Indika has moved to another level, evolving into a JV partnership. As we move forward, Nusantara, Indika, and contractor Petrosea will look to leverage the best of their skills and experience to deliver an outstanding project.

In 2020 we have a terrific gold price tailwind, trading over USD1,700/oz, that we expect will provide strong support which will see our Project banked and developed. Our 2020 budget, notwithstanding potential impact from COVID-19, is circa USD30M to complete Early Capital activities and satisfy conditions for bank debt. With a dedicated Project team, we are creating momentum and we are clearly building the bridge to development and prosperity for our communities and stakeholders.

Finally, I would like to thank the board, executive and our team for their continued dedication, commitment and hard work.

Stay safe - tetap aman

Greg Foulis  
Executive Chairman



NUSANTARA VISION





## NUSANTARA VALUES



### CARING

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



### INTEGRITY

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



### TEAMWORK

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



### ACCOUNTABILITY

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



### EXCELLENCE

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

# CHIEF EXECUTIVE OFFICER REPORT



Dear Shareholders,

There could have been no better time to join the Company and to be leading from our small dynamic office in Jakarta.

Following the release of our Awak Mas Gold Project DFS in late 2018, the step change in our business has been

the development of a strong strategic relationship with our partner PT Indika Energy Tbk and their staged investment of USD40M project equity in our subsidiary PT Masmino DWI Area, the project vehicle to deliver the Awak Mas gold mine.

The proposal provides for an additional USD40M on deferred payment terms by their subsidiary PT Petrosea Tbk with the first staged investment linked to award of a Front End Engineering Design (FEED Services) contract. This contract was awarded in the first quarter of 2020.

With our subsequent Placement of AUD7.3M and major shareholder commitment for a further AUD3.6M we are funded to deliver the next phase in project establishment during 2020 that includes engineering design, land compensation, permitting for a Tailings Storage Facility (TSF) and development of an effective contracting strategy for construction in 2021.

I am pleased to report a safe year with no serious injury or loss, driven by a demonstration of our values and safe behavior. At the time of writing, our COVID-19 Policy and the triggering of stages in our pandemic management plan, has ensured that safety comes first, we minimize transmission and are progressing all critical aspects of our business continuity plan.

Our Project team has been proactive with scenario planning and are maintaining site activity through longer rosters, additional medical services and an industry standard quarantine process for any people returning to work.

Our External Affairs team have been active in communication within the Luwu Regency in SE Sulawesi and we have the support of our local communities in maintaining "Our License to Operate".

A focus on "Our People" and a well-planned recruitment effort has attracted exceptional talent, who fit the culture of a dynamic lean organization respectful of diversity when operating in a remote environment.

In December we appointed Mr Matthew Timbrell as Project Director who will also relocate to Jakarta. Matt brings over 25 years' experience in study and major project delivery, the most recent being the Toka Tindung Gold Project Expansion in North Sulawesi.

Corporate establishment has also been strengthened by the early engagement of an experienced in-house team with established capabilities in areas of finance, legal and regulatory compliance, external relations, human resources, information and communication technology.

"Our Systems" development has seen the effective migration of management accounting to Pronto and the launch of a program to further develop our human resource systems to support effective HR 'end to end' people processes. Regulatory compliance, job grading, remuneration benchmarking and on-boarding have been priorities.

In the interim, while recruiting an in-house capability for project controls, the Project engaged an experienced team of industry renowned, legal, commercial / contracts and project systems specialists. This ensured the early engagement with Petrosea, independent audit and negotiation for the FEED Services contract to commence early 2020.

"Our bottom line" has been enhanced with further metallurgical test-work increasing estimated gold recovery from 91.1% to 93.1% gold. Based on a gold price of USD1250/ oz, the DFS estimates an NPV of USD152M with low capital intensity (USD146M initial capital + USD16M pre-production development) and low cost (AISC USD758/ oz).

Further, our exploration program has focused on the Awak Mas Ridge expansion which had previously identified >220Koz gold outside of the 2018 Mineral Resources Estimate (MRE) USD1400/oz reporting shell.

We are now looking forward to 2020 and a positive MRE based equally on discovery and improved gold price. We have engaged technical consultants AMC, Golder Associates, Coffey Services and, with the award of the Petrosea FEED services, their direct engagement with DRA Global for processing plant design.

With a strategy to maintain momentum and prioritize work activities throughout the pandemic, I am proud of our Board commitment and team dedication to maintain our progress towards delivering our first gold mine.

Neil Whitaker  
Chief Executive Officer



# Review of Activities



## COMPANY BACKGROUND

Nusantara Resources Limited (Nusantara) is an Australian mining company listed on the Australian Securities Exchange.

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

## PROJECT TENURE

Awak Mas is held under a 7th generation Contract of Work (CoW) signed with the Government of Indonesia (GoI) in 1998 and Amended in March 2018. The CoW covers an area of 14,390 hectares and is held by Nusantara's 100% owned local subsidiary company, PT Masmino Dwi Area (Masmino).

The amendment reaffirmed Masmino 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 accordance with the prevailing laws and regulations.

The most notable amendments to the Masmino CoW were adopting the prevailing rates for taxes, prevailing royalty rates and an extension of the time requirement for divestment of at least 51% of the shares in Masmino to Indonesian participants, to the 10th year of commercial production at fair market value.

In November 2019 PT Indika Energy group agreed to acquire up to a 40% interest in Masmino for USD40M. This arrangement should largely satisfy the divestment requirements noted above.

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

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

## PROJECT UPDATE

The Company completed the necessary follow up test-work and establishment planning required in preparation for the development of it Awak Mas Gold Project. This work followed on from a Definitive Feasibility Study (DFS) completed in 2018, and included:

- a review of tailings storage management for the Project. The aim was to provide the Company with an independent evaluation of this critical aspect of the Project ahead of commitment to Detailed Design Phase and was completed by GHD Global.
- a Red Flag Review of the DFS technical work was undertaken by SRK Consulting (Australasia) Pty Ltd (SRK) with the aim to support the Company in seeking potential project financiers and investment partners in the Project. The objectives were:
  - to confirm the technical inputs are realistic and achievable, and to advise on sensitivity parameters;
  - Identify areas of risk and, where possible, identify mitigating factors; and



# Review of Activities



- Recommend additional or alternative work which is considered necessary to complete the (DFS) to a level that enables prospective lenders to make a funding decision.
- follow up metallurgical test work was coordinated by DRA Global (formally Minnovo) to support the gravity and whole ore leach flowsheet and provided confirmation of key parameters for detail design.

GHD confirmed a downstream tailings storage facility (TSF) was a pragmatic and practical solution. They found no merit in any of the alternatives assessed as part of the DFS. Further, Phase 2 detailed metallurgical testing was completed in July with the following key conclusions:

- gold recovery estimate increased from 91.1% to 93.1% gold; and
- requirement for an oxygen plant replaced with low pressure air blowers

This test work validated the design parameters selected for the DFS and provides a more robust basis for the prediction of gold recovery. Some of the benefit of the improvement in recovery was offset by the identification of small increases in some reagent consumptions increasing estimated processing cost by USD1.04 per tonne of plant feed.

In the last quarter of the year the Engineering and Construction (E&C) division of Petrosea Tbk (Petrosea) provided a proposal to complete an expanded scope of work in Front-End Engineering Design (FEED) for the Project. This was supported in principle following an initial review by the Company and year end engagement with Petrosea with commitment to negotiate settlement of a FEED contract in early 2020. Planning and actions to expedite delivery of a

FEED contract centred around:

- commercial terms and pricing;
- Petrosea's capability;
- a project execution plan (PEP) preparations;
- expandability; and
- our capability to perform as the 'Project Owner'.

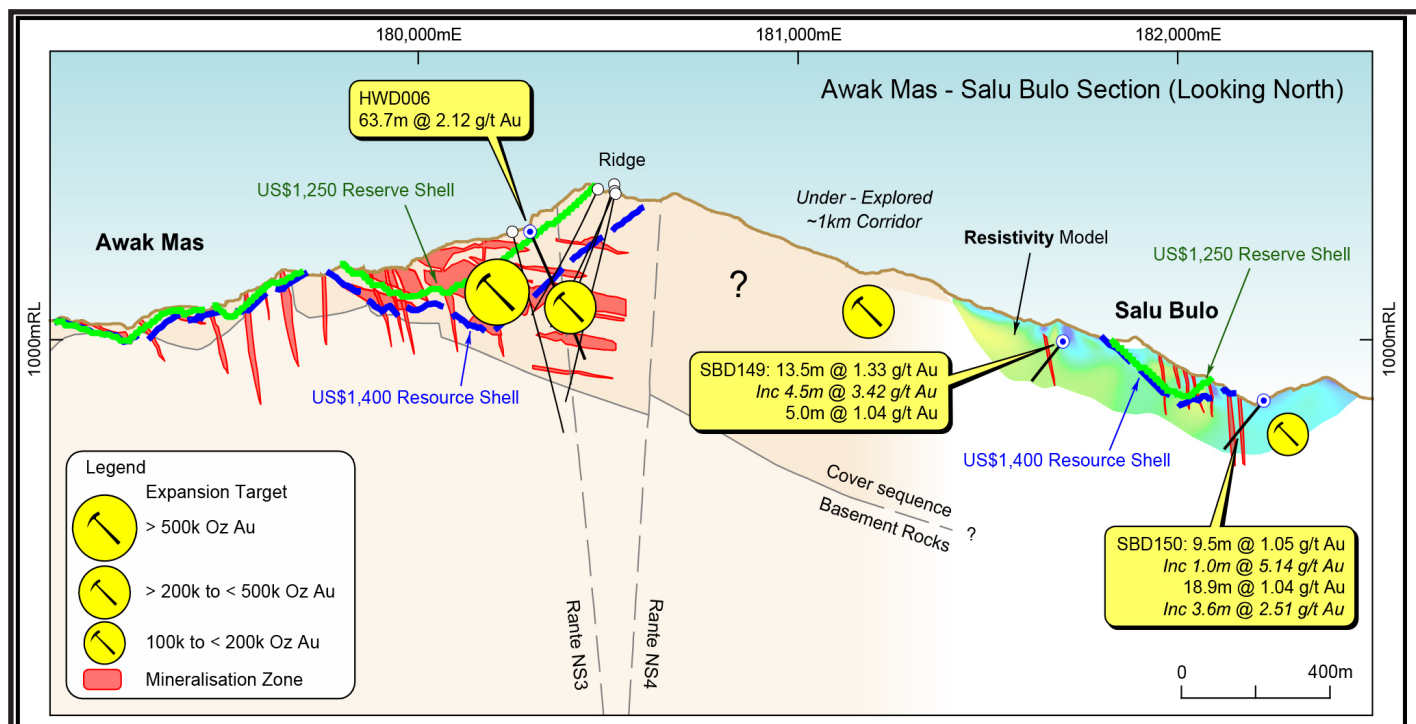
The principal workshop attendees, in addition to the key members of the Nusantara's existing leadership team, included several industry leaders with specialist skills.

The Company, in parallel with planning to settlement of a FEED contract in 2020, geared up for project readiness with the establishment of project controls and recruitment of key roles. At year-end the Project team formation included the appointment of Matthew Timbrell as Project Director. Matt is a proven leader, study and project development manager with over 25-years' experience in mining and processing in Australia and Indonesia. Matt has managed multiple major projects in Gold and other commodities with most recent being the Toka Tindung Gold Project Expansion in North Sulawesi, Indonesia.

To support the Project Director, Taufiqur Rahman was appointed as the Manager - Permitting and Reporting, to lead the Project's permitting and reporting obligations. Taufiq has extensive Indonesian experience in Indonesian government relations and licensing compliance, most recently including 16 years with Newcrest subsidiary, PT Nusa Halmahera Minerals.



# Review of Activities



**Figure 1:** Cross section showing the successful 2019 Exploration drilling results from Awak Mas Ridge and at Salu Bulu.

Jakarta based human resource consultants, SKI-HR, were engaged to support organisational design and further develop the HR Management System and for the wider business in 2020.

## PERMITTING

All major Project permitting is in place with the exception of the TSF. Based on the DFS, the Company submitted Project updates to the Indonesian government to address regulatory processes. This included submitting an addendum to the Indonesian environmental impact assessment report referred to as the AMDAL. The Company has received approval of the Addendum to the AMDAL and the Project has received its new environmental permit (the Izin Lingkungan).

## EXPLORATION ACTIVITY

During Quarter 1 2019 the Company continued a focused exploration program at several near-mine areas to enhance the developing geological model. This work included drilling test holes at Puncak Selatan, ongoing surface sampling at the Kandeapi and Puncak Utara prospects and preparation for the upcoming ground geophysics program at Salu Bulu. In addition, first test drilling of the proposed Quarry site at North Kandeapi was undertaken with two holes completed.

Quarter 2 saw further development of the geological model with the Salu Bulu area geophysics program generating exciting drill targets. Several previously recognised satellite prospects and possible orebody extensions were identified over a +3km strike.

During this second quarter, an exploration benching exercise was completed within the Awak Mas Gold Project Rante

starter pit area to map and sample the exposed high-grade subvertical vein structures within the deposit. Trench sampling results were positive, and a drill program followed in September quarter. Results from this program that provide a better understanding of the subvertical high-grade structures and definition between ore and waste boundaries, will be used by CUBE Consultants in the preparation of the 2020 mineral resource estimate.

A possible porphyry style hydrothermal copper-gold system discovery at the Salu Kombong prospect is consistent with the evolving geophysics concept of Awak Mas being part of a large scale Intrusive Related Gold System.

During Quarter 3 2019 an exploration step-out drill hole (HWD006), at Awak Mas successfully extended and enhanced the previous discovery of the Highwall mineralisation – Figure 1. The significance of the main intersection, indicates that substantial new mineralisation could be added to the proposed Awak Mas deposit open pit by this expansion drilling:

- HWD006: 63.7m @ 2.12g/t gold from 201.1 metres down hole

Further resource modelling will be undertaken in 2020 to quantify the extent of this important discovery.

To improve ore-body knowledge at a mining scale, a close-spaced exploration drill program was conducted at the Awak Mas deposit, Rante Starter Pit area, designed to follow-up the previous successful benching program. Modelling and interpretation of the close-spaced drilling was undertaken as a 'proof of concept' exercise to validate potential grade uplift anticipated to be realised when the ore body is mined.



# Review of Activities

Outcomes of this exercise will be incorporated into the 2020 modelling process for Awak Mas.

Quarter 4 2019 saw follow-up drilling to the Geophysics program resulting in the discovery of new mineralised structures and the extension of existing ones at Salu Bulo. The exploration drilling program tested several geophysics targets with anomalous assays received for most of the holes. The more significant results included:

- SBD149: 13.5m @ 1.33g/t gold including 4.5m @ 3.42g/t gold and 5m @ 1.04g/t gold; and
- SBD150: 9.5m @ 1.05g/t gold including 1m @ 5.14g/t gold and 18.9m @ 1.04g/t gold including 3.6m @ 2.51g/t gold.

These results show the prospectivity of the corridor between Salu Bulo and Awak Mas as having the potential for further satellite orebody discoveries. Figure 1 also shows these two, more significant drill results from the successful geophysics program. A further, expanded program of geophysics is proposed for the 2020 exploration budget year.

In May 2018, the Company announced its latest Mineral Resource estimate. The Mineral Resource achieved 89% in the Indicated Resource category, providing strong confidence in the geological model and suggesting a mine life beyond 10 years (Table 1)<sup>1</sup>.

## MINERAL RESOURCE

	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
	<b>Sub-total</b>	<b>39.5</b>	<b>1.4</b>	<b>1.72</b>
Salu Bulo	Measured	-	-	-
	Indicated	2.9	1.7	0.16
	Inferred	0.6	1.1	0.02
	<b>Sub-total</b>	<b>3.6</b>	<b>1.6</b>	<b>0.18</b>
Tarra	Measured	-	-	-
	Indicated	-	-	-
	Inferred	2.3	1.3	0.10
	<b>Sub-total</b>	<b>2.3</b>	<b>1.3</b>	<b>0.10</b>
<b>Total</b>	<b>Measured</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Indicated</b>	<b>39.3</b>	<b>1.4</b>	<b>1.78</b>
	<b>Inferred</b>	<b>6.0</b>	<b>1.1</b>	<b>0.22</b>
	<b>Total</b>	<b>45.3</b>	<b>1.4</b>	<b>2.00</b>

Table 1: Awak Mas Mineral Resource estimates (May 2018) by deposit at 0.5 g/t Au cut-off and constrained within a USD1400/oz optimisation shell.

## ORE RESERVE

In September 2018, the Company announced an updated 1.1 million ounce gold Ore Reserve that formed the basis of the DFS (Table 2)<sup>2</sup>.

	Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Awak Mas	Proved	-	-	-
	Probable	24.1	1.28	0.99
	<b>Sub-total</b>	<b>24.1</b>	<b>1.28</b>	<b>0.99</b>
Salu Bulo	Proved	-	-	-
	Probable	2.8	1.67	0.15
	<b>Sub-total</b>	<b>2.8</b>	<b>1.67</b>	<b>0.15</b>
<b>Total</b>	<b>Proved</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Probable</b>	<b>26.9</b>	<b>1.32</b>	<b>1.14</b>
	<b>Total</b>	<b>26.9</b>	<b>1.32</b>	<b>1.14</b>

Table 2: Awak Mas Ore Reserve estimates (September 2018) by deposit.

Additions to the mineral inventory from 2019 exploration discovery and revised assumptions to be used for resource and reserve will be reflected in updated MRE and Reserve statements in 2020.

## ENVIRONMENT

The Company's environmental plan complies with prevailing laws and regulations on environmental protection.

The Company actively seeks to protect the environment in which it operates, with environmental monitoring activities and programs including rainfall data collection, ground and surface water monitoring, revegetation programs and waste removal.

During the year the Company maintained regular monitoring programs and continued to evaluate areas for improvement. Several environmental baseline studies have been completed in the past and the Company continually updates its environmental database for the CoW and surrounding area. Environmental monitoring is conducted for Surface Water quality, Hydrology, Meteorology, Ambient Air Quality and Noise, Terrestrial Flora and Fauna, and Aquatic Ecology.

Surface Water Quality samples are undertaken at 13 monitoring points for dissolved metals, anions, nutrients, organics, microbiological and physicals. Hydrology monitoring is undertaken at 12 monitoring points to assess stream velocity and stream cross sections. Meteorology monitoring is conducted through an automated weather station for temperature; wind speed and direction; and

1 ASX Announcement Indicated resource grows by a further 0.2 Moz, 8 May 2018

2 ASX Announcement Ore Reserve increased by 11% to 1.1 Moz Gold, 13 September 2018



# Review of Activities

relative humidity, while rainfall is conducted by a manual rain gauge and evaporation rates assessed and recorded. Ambient Air Quality and Noise are assessed at 4 monitoring points, Flora and Fauna assessment is conducted every 6 months from 3 locations. Aquatic Ecology monitoring is undertaken every 6 months from 3 locations.

The Company continues its agricultural replantation program to replace crops disturbed during site activities as well as a hazardous waste removal system.

## COMMUNITY

We are committed to working with local communities to achieve mutual benefits and positive outcomes from our operations. The Company has developed four main areas for community engagement and support: education, health, infrastructure, and economic empowerment.

During the year, the Company provided support to the neighbouring community, including the elementary school in Boneposi village, the construction of which, was supported by Masmindo.

The Company continues to purchase local supplies, recruit local people and contractors where possible, and to produce important employment opportunities which support the ongoing and collective growth of Indonesia.

## SAFETY, QUALITY AND SECURITY

Safety remains our first priority and we attach great importance to the health of our employees. Employees must pass a full medical check-up before they are recruited and throughout their work, their health and fitness are monitored. The Company employees 3 paramedics and a GP for the site in SE Sulawesi.

Nusantara has continually been developing its the HSE Management System and standard operating procedures for health and safety that encourages workers to be vigilant at work, risk aware and highlights the notion that anyone has the right to stop any unsafe act, at any time.

Due to the recent COVID-19 pandemic our Incident and Business Continuity Management Plan triggered the activation of our Crisis Management Team (CMT) and the formation of policy. Through evaluation, scenario planning and proactive leadership, we are managing stakeholder expectations in providing for the safety and wellbeing of all our people, assisting local communities and maintaining business continuity with proactive actions to Minimise Operational Risk Exposure (MORE).

Our Head of MSE (Mine Safety and Environment) obtained a First Class KTT (Chief Mine Technical) certification under Indonesian mines regulations through panel examinations at the Ministry of Energy and Mineral Resources. Nusantara is

committed to meet the requirements of International Good Mining Practice during all phases of project development including mine safety, environment management, mineral conservation, planning construction, mine and mineral processing, design and operations as well as post-mine management.

Nusantara holds routine industry standard toolbox and safety meetings with our people to reinforce our safety framework. We are constantly lifting our standards and we have introduced a new light vehicle standard and continue to improve our inductions.

All site activities are assessed for risk and controls with increased supervision as required. Nusantara maintains an onsite medical clinic and all-wheel drive ambulance to undertake medical support services at site. A number of local paramedics have been recruited to ensure that all site activities have medical support available.

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

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

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

## PEOPLE

The Company fully understands that our employees are our greatest asset and having talented employees in the right roles is critical to the success of Nusantara's operations. The Company further recognises the importance of employing skilled people throughout Indonesia and from the local communities in which we operate. Nusantara employs those with the experience, competencies, character and attributes needed to meet the requirements of the positions in which they are to hold and the Company's business goals.

Recruitment of key roles for the project development phase and critical support functions is in advanced stages as at Q4 2019 with personnel commencing early Q1 2020.

The low turnover rate of employees in Nusantara is one of the outcomes of the Company's strategy to attract – motivate – retain and develop the skills of our employees. Further, Nusantara are committed to maintaining effective and congruent relations amongst all employees, with open two-way

# Review of Activities

communication proving to be effective in engaging and motivating employees in addition to maintaining harmonious relations, resulting in zero significant industrial relations issues throughout 2019.

In 2019 Nusantara continued the process of developing the Human Resources Management System, standard operating procedures and policies covering all aspects of Human Resources Management.

HR Gap Analysis was conducted in 2019 that prioritised the improvement of existing HR programs covering Planning, Acquiring, Developing, Maintaining and Retaining. Emphasis is on developing strategies to Attract – Motivate – Retain skilled employees.

Nusantara prides itself on compliance with the national, regional and local Manpower regulations, covering compensation and benefits, social security, working and rest time, health and safety, training and others.

Nusantara continues to enhance the employee performance management systems, training and needs analysis, reward and recognition programs and is looking forward positively to the opportunity to build on the foundation established in 2019.

## FINANCE AND CORPORATE

The financial statements reflect a USD4,050,000 investment in exploration and evaluation during 2019. The major focus of this investment was the Project with focus on ensuring the Project is ready for financing and development.

The Company engaged an independent technical expert to review the 2018 (DFS) to identify any areas for additional work required ahead of formal engagement with banks. At the same time the Company engaged with a group of international banks to complete initial project debt soundings.

The main corporate focus for 2019 was the negotiation of arrangements to introduce IDX listed PT Indika Energy Tbk (Indika Energy) into the Project company PT Masmino Dwi Area. In November 2019 the two entities agreed a process for Indika Energy group to invest up to USD40M into Masmino to secure up to a 40% interest in Masmino. In February 2020 formal binding agreements were executed reflecting these arrangements.

With this strong Indonesian-based joint venture partner the Company enters 2020 well-funded to pursue FEED, and project debt towards commencing construction in 2021.

In December 2019, the Company announced an AUD11M placement (AUD3.57M subject to shareholder approval in April 2020) and a Share Purchase Plan. Both the

Placement and Share purchase Plan were conducted at AUD0.34 per share.

At 31 December 2019 the Company had USD 6,557,000 cash on hand, with 190,159,752 fully paid shares on issue, 18,034,307 listed options (exercisable at AUD0.30 each and expiring 31 July 2020) and 29,036,477 unlisted options (exercisable between AUD0.35 and AUD0.61 and expiring between 2 August 2020 and 26 August 2022) on issue.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in the performance of our duties and upholding investor confidence in the operations of the business.

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

Complete details of the Company's corporate governance policies are available on the Company's website at:

[www.nusantararesources.com](http://www.nusantararesources.com)



# Board of Directors

## Board Committee Meetings

The memberships of each Board committee are indicated below:

- a. Audit and Budget Committee
- b. Financing Committee



**Greg Foulis**  
Chairman  
Executive Director  
(b)



**Rob Hogarth**  
Independent  
Non-Executive Director  
(a)



**Robin Widdup**  
Non-Executive Director  
(a and b)



**Boyke Abidin**  
Executive Director



**Neil Whitaker**  
Chief Executive Officer &  
Director



**Richard Ness**  
Non-Executive Director  
(a and b)

# Annual Financial Report

for the year ended 31 December 2019

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





## DIRECTORS' REPORT

The Directors present their report together with the financial statements for Nusantara Resources Limited ("Nusantara" or "the Company") and its controlled entities (collectively the "Group"), for the financial year ended 31 December 2019. The presentation currency for the Group is United States dollars (USD). The closing exchange rate applied to convert Australian dollar (AUD) balances to USD at 31 December 2019 was 0.701 (2018: 0.706) and the average exchange rate applied for the year ended 31 December 2019 was 0.695 (2018: 0.748).

### Directors

The following persons held the office of Director during the year ended 31 December 2019 and to the date of this report unless otherwise stated:

Greg Foulis	Chairman
Neil Whitaker (appointed as a Director 24 September 2019)	Director
Boyke Abidin	Director
Robert Hogarth	Director
Richard Ness <sup>1</sup>	Director
Robin Widdup <sup>2</sup>	Director
Michael Spreadborough (resigned as a Managing Director 1 May 2019)	Director

1 – Mr Kamen Palatov is alternate Director for Mr Richard Ness

2 – Mr Craig Smyth is alternate Director for Mr Robin Widdup

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

As at 31 December 2019, the interests of the Directors in the shares and options of Nusantara Resources Limited were:

Director Name	Number of Ordinary shares	Number of options
Greg Foulis	284,993	1,049,162
Neil Whitaker	53,786	1,700,000
Boyke Abidin	165,235	442,500
Robert Hogarth	-	295,000
Richard Ness <sup>1</sup>	-	-
Robin Widdup <sup>2</sup>	1,366,068	641,460 <sup>3</sup>
Kamen Palatov <sup>4</sup> (Alternate director to Mr Ness)	100,000	-
Craig Smyth <sup>5</sup> (Alternate director to Mr Widdup)	574,984	58,935

<sup>1</sup> Mr Ness is a Commissioner of PT Indika Energy Tbk which at 31 December 2019 held 35,438,230 ordinary shares and 16,693,711 unlisted options

<sup>2</sup> Mr Widdup is a Director of Lion Manager Pty Ltd which at 31 December 2019 held 945,831 options (including 295,000<sup>3</sup> incentive options granted to Mr Widdup and reported above). Mr Widdup is also a director of Lion Selection Group Limited which at 31 December 2019 held 44,899,584 ordinary shares and 3,750,000 listed options

<sup>3</sup> 295,000 incentive options were granted to Mr Widdup's nominee Lion Manager Pty Ltd in 2018 and included in the above total

<sup>4</sup> Mr Palatov is Chief Portfolio Management Officer at PT Indika Energy Tbk which at 31 December 2019 held 35,438,230 ordinary shares and 16,693,711 unlisted options

<sup>5</sup> Mr Smyth is a Director of Lion Manager Pty Ltd which at 31 December 2019 held 945,831 options. Mr Smyth is Chief Executive Officer of Lion Selection Group Limited which at 31 December 2019 held 44,899,584 ordinary shares and 3,750,000 listed options

### Company Secretary

Mr Derek Humphry held the office of company secretary during the year ended 31 December 2019 and to the date of this report.

# DIRECTORS' REPORT (CONTINUED)

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

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

## Operating Results

The consolidated loss of the Group was USD 2,398,821 after providing for income tax (2018: loss of USD 2,343,243).

During the year the Group continued its ongoing exploration and evaluation work on the 100%-owned Awak Mas Gold Project (Project) under a Contract of Work ("CoW").

Major milestones achieved during the year included:

- the completion of the post DFS work including confirmation of the development quarry location, and Phase 2 metallurgical test work program, estimating yield of 93.1% as compared to the 91.1% employed in the DFS;
- appointment of a new Jakarta based Chief Executive Officer, Mr Neil Whitaker, to transition the project into development;
- Exploration success including a drill intersection at the Awak Mas Ridge of 63.7m at 2.12g/t gold;
- acquisition of an option to extinguish the third-party royalty over the Project; and
- execution of a non-binding term sheet with major shareholder and Indonesian based strategic partner PT Indika Energy Tbk to provide the pathway for project funding and development of the Project.

## Financial Position

The net assets of the Group have increased by USD 4,864,685 from USD 38,603,250 at 31 December 2018 to USD 43,467,935 as at 31 December 2019.

## Significant Changes in State of Affairs

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

## Dividends Paid or Recommended

No dividend has been declared or paid by the Group. The Directors do not recommend the payment of a dividend for the year ended 31 December 2019.

## Significant Events After Reporting Date

On 24 January 2020, the Company announced the results of the Share Purchase Plan offer as announced on 13 December 2019. As a result, the Company issued and allotted 1,866,151 fully paid ordinary shares at AUD 0.34 each, on 28 January 2020, raising AUD 634,500.

On 9 December 2019, the Company announced signing of a non-binding and conditional term sheet (Term Sheet) with strategic partner PT Indika Energy Tbk group companies (Indika Group) regarding, amongst other matters, an investment by Indika Group in Nusantara's Indonesian subsidiary (Project Company) of up to USD 40 million for up to 40% of the Project Company in two stages (Indika Investment). The Term Sheet included a proposal for Nusantara and Indika Group joint venturing the Project and provided a pathway for project funding and development of the 2.0 million oz Project. On 25 February 2020 the Project equity arrangements contemplated under the Term Sheet were executed by the appropriate group companies. These agreements consist of a Project Company shareholders agreement, a Project Company subscription agreement and Nusantara unlisted option subscription agreements for Indika Group and PT Petrosea Tbk (Petrosea). The first stage USD 15 million investment by Indika Group, to earn a 25% Project interest, is subject to Nusantara shareholder approval and standard regulatory approvals, and is conditional on Nusantara investing USD 6 million towards the Project. The second stage USD 25 million investment, to earn a further 15% Project interest remains subject to Nusantara shareholder approval and conditional on milestones as set out in the Term Sheet including Nusantara investing a further USD 4 million towards the Project. The Term Sheet also provided for USD 40 million in deferred payment arrangements, through Front End Engineering Design USD 10 million (FEED) and Engineering Procurement Contract (USD 30 million) (EPC). The award of the FEED contract is a condition of the stage 1 investment.

The COVID-19 pandemic announced by the World Health Organisation post year end is having a negative impact on World stock markets, currencies and business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially a post balance date impact.



## DIRECTORS' REPORT (CONTINUED)

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

### Likely Future Developments

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

### Information on Directors

<b>Greg Foulis</b> Qualifications and experience	<b>Chairman (appointed 29 March 2018)</b>  Greg is a resource sector - finance executive with over 30 years of diverse international experience across a variety of roles ranging from senior executive, business development and investment advisory. Greg's most recent position was Chief Executive Office of Kingsgate Consolidated Limited, an ASX-listed gold mining and development company. Greg led the restructuring, divestment and re-focus of the business, including the elimination of a debt burden of over USD 100 million.  Greg received an M.Comm (Finance) from the University of NSW in 1992 and a B.AppSc. (Hons) in Geology from the NSW Institute of Technology in 1984. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mining and Metallurgy.
<b>Neil Whitaker</b> Qualifications and experience	<b>Director (appointed 24 September 2019)</b>  Neil has over 40 years' experience in the mining sector and has held operating and senior executive roles with companies such as Anglo American, Western Mining Corporation, Clough Indonesia (Petrosea Tbk) and Newcrest Mining. Neil has extensive international operating experience with a demonstrated background in leading resource companies through the transitional stages of the full project life cycle. Having previously worked in the Asia-Pacific region and more specifically as the Chief Operating Officer for PT Petrosea Tbk (a subsidiary of our Indonesian strategic partner), Neil has relevant experience which will place him in good stead to drive the Awak Mas Gold Project into the next phase towards development.
<b>Boyke Abidin</b> Qualifications and experience	<b>Director (appointed 11 April 2017)</b>  Boyke holds a Bachelor of Science in Business Administration from International University Europe – London. He has more than 25 years' experience in Indonesian management. Previously a Government Liaison Officer for Rawas Gold Mine in South Sumatra, Boyke has extensive in-country expertise. He is President Director of Indonesian Operations for One Asia and has been a Director of the Company's subsidiary PT Masmino DWI Area since 2000. He is also a Director of PT Pani Resources Indonesia, PT Dwinad Nusa Sejahtera and PT Sorikmas Mining.
<b>Rob Hogarth</b> Qualifications and experience	<b>Director (appointed 17 February 2017)</b>  Rob Hogarth built his mining industry expertise during a 37-year career with KPMG where he was leader of KPMG's Energy and Natural Resources and Major Projects Advisory Practices and lead partner for many of the firm's listed mining clients working with large and small companies in the Asia Pacific region. He has been involved with Indonesia since 1983. Since retiring from KPMG in 2009 he has become a Non-Executive Director of a range of companies, including AMC Consultants, and sits on a number of audit committees.  Rob is also the Independent Chair of the Risk and Audit Committee of the Environment Protection Authority of Victoria and a Non-Executive Director of TAFE Gippsland, Nustream Investments Limited and PR Exploration Pty Ltd. He was a Non-Executive Director of Dart Mining NL from February 2014 to June 2015.  Rob holds a Bachelor of Economics (Accounting and Business Law) and is a Fellow, Institute of Chartered Accountants in Australia.

## DIRECTORS' REPORT (CONTINUED)

<b>Richard Ness</b>	<b>Director (appointed 13 December 2018)</b>
Qualifications and experience	Richard is a mining executive based in Indonesia, with over 38 years of professional experience in the energy, mineral resources and mining sectors. Richard has held senior executive positions at Newmont Indonesia and Freeport Indonesia; and currently serves as the President Commissioner of PT Petrosea Tbk and Commissioner of PT Indika Energy Tbk. Richard is also the Vice President and Chief Executive Officer at PT Merdeka Copper Gold Tbk, which recently commissioned, and now runs, the successful Tujuh Bukit gold project in Java, Indonesia; and is the Chairman-Mining Division at American Chamber of Commerce in Indonesia.
<b>Robin Widdup</b>	<b>Director (appointed 28 February 2018)</b>
Qualifications and experience	Robin is the Founder and a Director of the Company's largest shareholder, Lion Selection Group Limited. Robin has 40 years of mining industry and equity market experience. Following working in a range of operations in the United Kingdom, Zambia and Australia, Robin joined the J B Were & Sons Resource Research team, prior to founding Lion Selection Group and Lion Manager in 1997. He is currently Managing Director of Lion Manager, Director of Lion Selection Group Limited (appointed January 2011), and Chairman of Celamin Holdings Limited.
<b>Michael Spreadborough</b>	<b>Managing Director (ceased 1 May 2019)</b>

### Meetings of the Board

The Board of Directors held 10 meetings during the year ended 31 December 2019. Attendances of Directors at these meetings are shown in the table below:

	Meetings Attended	Number eligible to attend
Mr Greg Foulis	10	10
Mr Rob Hogarth	10	10
Mr Robin Widdup	9	10
Mr Richard Ness	9	10
Mr Michael Spreadborough	4	4
Mr Boyke Abidin	8	10
Mr Neil Whitaker	3	3

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

### Indemnification of Directors and Officers

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



## DIRECTORS' REPORT (CONTINUED)

### Proceedings on Behalf of Company

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

### Share Options

At 31 December 2019, the unissued ordinary shares of Nusantara under option are as follows:

Grant Date	Expiry Date	Exercise Price (AUD)	Listed Options	Unlisted Options
06/11/2019	11/07/2022	\$0.35	-	500,000
06/11/2019	26/08/2022	\$0.35	-	566,610
06/11/2019	26/08/2022	\$0.42	-	1,133,390
25/01/2019	30/11/2020	\$0.35	-	22,289,159
31/08/2018	31/07/2020	\$0.30	249,999	-
04/07/2018	31/07/2020	\$0.30	17,784,308	-
04/06/2018	27/07/2021	\$0.61	-	740,000
17/04/2018	02/08/2021	\$0.61	-	975,318
28/07/2017	02/08/2021	\$0.61	-	2,360,000
28/07/2017	02/08/2020	\$0.42	-	472,000

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

### Shares issued as a result of the exercise of options

During the year 1,770,000 options were forfeited and no options were exercised.

### Non – Audit services

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

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

During the year, no fees were paid to BDO for non-audit services provided during the year ended 31 December 2019. Prior year auditors Ernst and Young received USD 10,274 for Payroll & Employment tax advice, and review of Indonesian tax treaties for the banking financial model (31 December 2018: no fees were paid for non-audit services)

### Environmental Regulations and Performance

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

### Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2019 is set out on page 12 and forms part of this report.

# DIRECTORS' REPORT (CONTINUED) - REMUNERATION REPORT (AUDITED)

## Remuneration Report (Audited)

The Directors of Nusantara present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 31 December 2019. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for Nusantara's key management personnel (KMP):

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

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The table below outlines the KMP of the Group and their movements during 2019:

Key Management Person	Position	Term as KMP
<b>Non Executive Directors</b>		
Greg Foulis	Non-Executive Chair	Appointed 29 March 2018
Rob Hogarth	Non-Executive Director	Appointed 17 February 2017
Robin Widdup	Non-Executive Director	Appointed 28 February 2018
Richard Ness	Non-Executive Director	Appointed 13 December 2018
<b>Executive Directors</b>		
Greg Foulis	Executive Chairman	Appointed 1 May 2019
Neil Whitaker	Chief Executive Officer	Appointed 26 August 2019
	Director	Appointed 24 September 2019
Boyke Abidin	Executive Director	Appointed 11 April 2017
Mike Spreadbrough	Managing Director	Ceased 1 May 2019
<b>Other Key Management Personnel</b>		
Colin McMillan	General Manager Geology	Appointed 1 February 2017
Derek Humphry	Chief Financial Officer	Appointed 16 February 2018
	Company Secretary	Appointed 29 March 2018

## Remuneration Policy

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

## General Director Remuneration

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

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



# DIRECTORS REPORT - REMUNERATION REPORT (AUDITED)

## (CONTINUED)

### Executive Remuneration

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

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

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

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

- (a) Reward reflects the competitive market in which the Group operates;
- (b) Individual reward should be linked to performance criteria; and
- (c) Executives should be rewarded for both financial and non-financial performance.

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

2019 Key Management Person	Short Term Benefits Salaries/Fees USD	Post- Employment Superannuation USD	Share Based Payment – Options USD	Total USD	Performance Related %
<b>Directors</b>					
Rob Hogarth	31,734	3,015	8,868	43,617	20.3
Robin Widdup	34,750	-	3,352	38,102	8.8
Richard Ness	34,568	-	-	34,568	-
<b>Executive Directors</b>					
Greg Foulis <sup>1</sup>	138,868	1,507	67,179	207,554	32.4
Boyke Abidin	99,977	-	13,302	113,279	11.7
Neil Whitaker <sup>2</sup>	83,564	-	17,134	100,698	17.0
Mike Spreadborough <sup>3</sup>	191,962	8,324	-	200,286	-
<b>Other Key Management Personnel</b>					
Colin McMillan	159,317	14,433	17,736	191,486	9.3
Derek Humphry	173,250	17,375	10,947	201,572	5.4
	<b>947,990</b>	<b>44,654</b>	<b>138,518</b>	<b>1,131,162</b>	

<sup>1</sup> Mr Foulis became temporary Executive Chairman 1 May 2019 following the resignation of the Managing Director

<sup>2</sup> Mr Whitaker commenced as Chief Executive Officer on 26 August 2019 and as a Director on 24 September 2019

<sup>3</sup> Mr Spreadborough resigned as a Director 1 May 2019

# DIRECTOR'S REPORT REMUNERATION REPORT (AUDITED)

## (CONTINUED)

### Details of Remuneration for Year Ended 31 December 2018

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

2018 Key Management Person	Short Term Benefits Salaries/Fees USD	Post- Employment Superannuation USD	Share Based Payment – Options USD	Total USD	Performance Related %
<b>Directors</b>					
Greg Foulis <sup>1</sup>	39,016	3,707	14,654	57,377	25.5
Rob Hogarth	34,154	3,245	21,652	59,051	36.7
Robin Widdup <sup>2</sup>	31,167	-	9,715	40,882	23.8
Richard Ness <sup>3</sup>	1,810	-	-	1,810	-
Martin Pyle <sup>4</sup>	22,440	-	9,022	31,462	28.7
<b>Executive Directors</b>					
Mike Spreadborough	246,488	15,312	129,910	391,710	33.2
Boyke Abidin	104,966	-	32,477	137,443	23.6
<b>Other Key Management Personnel</b>					
Colin McMillan	171,688	15,312	43,303	230,303	18.8
Derek Humphry <sup>5</sup>	162,665	13,240	31,724	207,629	15.3
Craig Smyth <sup>6</sup>	-	-	32,476	32,476	100.0
Jane Rose <sup>6</sup>	-	-	-	-	-
	<b>814,394</b>	<b>50,816</b>	<b>324,933</b>	<b>1,190,143</b>	

<sup>1</sup> Mr Foulis commenced 29 March 2018

<sup>2</sup> Mr Widdup commenced 28 February 2018

<sup>3</sup> Mr Ness commenced 13 December 2018

<sup>4</sup> Mr Pyle retired as a Director on 30 May 2018

<sup>5</sup> Mr Humphry commenced 16 February 2018

<sup>6</sup> Services Agreement with Lion Manager Pty Ltd which commenced on 1 July 2017 to provide accounting and corporate secretarial services. Monthly fee of AUD 17,500 (plus GST), ceasing on 31 March 2018. The fees for 2018 amounted to USD 39,290. No additional fee was payable with respect to Mr Smyth's role as Chief Financial Officer or Ms Jane Rose as Company Secretary of the Company.



# DIRECTORS REPORT - REMUNERATION REPORT (AUDITED)

## (CONTINUED)

### Details of Shares Held by Key Management Personnel

2019 Key Management Person	Opening Balance 1/1/2019	Resignation	Shares Acquired 2019	Shares Disposed 2019	Closing Balance 31/12/2019
Neil Whitaker <sup>1</sup>			53,786	-	53,786
Boyke Abidin	165,235		-	-	165,235
Rob Hogarth	-		-	-	-
Greg Foulis	174,993		110,000	-	284,993
Robin Widdup	917,223		448,845	-	1,366,068
Richard Ness	-		-	-	-
Mike Spreadborough <sup>2</sup>	180,000	(180,000)			
Colin McMillan	-		-	-	-
Derek Humphry	-		-	-	-
	<b>1,437,451</b>	<b>(180,000)</b>	<b>612,631</b>	<b>-</b>	<b>1,870,082</b>

<sup>1</sup> Mr Whitaker commenced as Chief Executive Officer on 26 August 2019 and as a Director on 24 September 2019

<sup>2</sup> Mr Spreadborough resigned as a Director 1 May 2019. There were no movements between 31 December 2018 and 1 May 2019

### Details of Options Held by Key Management Personnel

2019 Key Management Person	Opening Balance 1/1/2019	Resignation	Unlisted Incentive Options granted as compensation	Closing Balance as at 31/12/19	Vested and exercisable at 31/12/19
Neil Whitaker <sup>1</sup>			1,700,000 <sup>5</sup>	1,700,000	-
Boyke Abidin	442,500		-	442,500	-
Rob Hogarth	295,000		-	295,000	-
Greg Foulis	549,162		500,000 <sup>2</sup>	1,049,162	500,000
Robin Widdup	641,460 <sup>3</sup>		-	641,460	-
Richard Ness	-		-	-	-
Mike Spreadborough <sup>4</sup>	2,065,000	(2,065,000)	-	-	-
Colin McMillan	767,000		-	767,000	177,000
Derek Humphry	975,318		-	975,318	-
	<b>5,735,440</b>	<b>(2,065,000)</b>	<b>2,200,000</b>	<b>5,870,440</b>	<b>677,000</b>

<sup>1</sup> Mr Whitaker commenced as Chief Executive Officer on 26 August 2019 and as a Director on 24 September 2019

<sup>2</sup> During the year Mr Foulis was granted 500,000 options exercisable at AUD0.35 each, expiring in July 2022 as a performance incentive in taking on an executive role following the resignation of the Managing Director and during the transition to the new Chief Executive Officer.

<sup>3</sup> Includes 295,000 Incentive options granted during 2018 to Mr Widdup's nominee Lion Manager Pty Ltd

<sup>4</sup> Mr Spreadborough resigned as a Director 1 May 2019. There were no movements between 31 December 2018 and 1 May 2019

<sup>5</sup> Mr Whitaker was granted incentive options with vesting conditions tied to the delivery of the Awak Mas Gold Project

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

# DIRECTOR'S REPORT REMUNERATION REPORT (AUDITED)

## (CONTINUED)

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

Item	November 2019	November 2019	November 2019
Assessed fair value at grant date (AUD)	\$0.179	\$0.182	\$0.168
Number of options	500,000	566,610	1,133,390
Vesting Conditions	Fully Vested	Achieving project FID	One half on commencing construction at the Awak Mas Gold Project One half on 3 months commercial production at the Awak Mas Gold Project
Exercise Price (AUD)	\$0.35	\$0.35	\$0.42
Grant Date	06/11/2019	06/11/2019	06/11/2019
Expiry Date	11/07/2022	26/08/2022	26/08/2022

Item	July 2017	April 2018	June 2018
Assessed fair value at grant date (AUD)	\$0.21	\$0.064	\$0.065
Number of options	4,425,000	975,318	740,000
Vesting Conditions	One third on the later of 28/07/2018 and when the Company is listed and the 45 day VWAP of the Shares is AUD 0.525 or greater. One third on the later of 28/07/2019 or a Decision to mine at the Awak Mas Gold Project. One third on the later of 28/07/2020 or Commencement of commercial production at the Awak Mas Gold Project	One third on the later of 28/07/2018 and when the Company is listed and the 45 day VWAP of the Shares is AUD 0.525 or greater. One third on the later of 28/07/2019 or a Decision to mine at the Awak Mas Gold Project. One third on the later of 28/07/2020 or Commencement of commercial production at the Awak Mas Gold Project	One third on the later of 28/07/2018 and when the Company is listed and the 45 day VWAP of the Shares is AUD 0.525 or greater. One third on the later of 28/07/2019 or a Decision to mine at the Awak Mas Gold Project. One third on the later of 28/07/2020 or Commencement of commercial production at the Awak Mas Gold Project
Exercise Price (AUD)	\$0.61	\$0.61	\$0.61
Grant Date	28/07/2017	12/04/2018	04/06/2018
Expiry Date	02/08/2021	02/08/2021	27/07/2021

The fair value at grant date is determined using the Black Scholes Model. The model inputs for options granted during the year ended 31 December 2019 included:

Item	November 2019	November 2019	November 2019
a. Consideration	\$nil	\$nil	\$nil
b. Share price at grant date	AUD 0.34	AUD 0.34	AUD 0.34
c. Expected price volatility of the company's shares	87.6%	87.6%	87.6%
d. Expected dividend yield	0%	0%	0%
e. Risk-free interest rate	0.93%	0.93%	0.93%



# DIRECTORS REPORT - REMUNERATION REPORT (AUDITED)

## (CONTINUED)

### Employment agreements

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

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

Director	Annual Director's fee AUD	Wages, salaries and/or bonuses
Greg Foulis <sup>1</sup>	75,000	AUD 1,500 per day
Robert Hogarth	50,000	-
Robin Widdup	50,000	-
Richard Ness	50,000	-
Neil Whitaker <sup>2</sup>	-	USD 250,000
Boyke Abidin <sup>3</sup>	-	USD 94,440
Michael Spreadborough <sup>4</sup>	-	AUD 350,000

<sup>1</sup> Mr Foulis was a Non- Executive Director from 1 January 2019 to 30 April 2019 (paid the Annual Director's fee above on a prorate basis for this period), and Executive Chairman from 1 May 2019 to 31 December 2019 (paid AUD 1,500 per day worked). This executive role is transitioning to the new CEO during 2020.

<sup>2</sup> Mr Whitaker is employed by a wholly owned subsidiary of the Company. Mr Whitaker commenced as Chief Executive Officer on 26 August 2019 and as a Director on 24 September 2019

<sup>3</sup> Mr Abidin is employed by a wholly owned subsidiary of the Company

<sup>4</sup> Mr Spreadborough resigned as a Director 1 May 2019

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

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

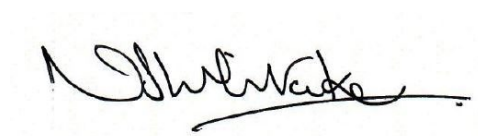
Executive	Termination payment	Termination cause	Resignation
Neil Whitaker	12 months	None	3 months
Boyke Abidin	12 months	None	None
Colin McMillan	12 months	None	3 months
Derek Humphry	3 months	None	3 months

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

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

This concludes the remuneration report, which has been audited.

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



Neil Whitaker  
Chief Executive Officer

17 March 2020  
JAKARTA

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

As lead auditor of Nusantara Resources Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



**Neil Smith**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 17 March 2020



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
<b>Income</b>			
Interest Income		45,413	3,105
<b>Expenses</b>			
Employee and Directors benefits expense		(1,087,976)	(698,901)
Share based remuneration	24	(169,515)	(368,312)
Professional fees and consultants		(587,271)	(586,098)
Depreciation and amortisation		(119,817)	(61,032)
Other expenses		(479,655)	(632,005)
<b>Loss before income tax</b>		<b>(2,398,821)</b>	<b>(2,343,243)</b>
Income tax expense	3	-	-
<b>Loss for the year</b>		<b>(2,398,821)</b>	<b>(2,343,243)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	18(b)	(110,556)	(535,025)
<b>Total Comprehensive Loss for the year attributable to owners of the parent</b>		<b>(2,509,377)</b>	<b>(2,878,268)</b>
<b>Loss per share</b>			
<b>From continuing operations:</b>			
Basic loss per share (cents)	19	(1.4)	(2.1)
Diluted loss per share (cents)	19	(1.4)	(2.1)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2019

	Note	2019 USD	2018 USD
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	6,557,031	6,364,317
Other receivables	7	391,005	171,743
<b>TOTAL CURRENT ASSETS</b>		<b>6,948,036</b>	<b>6,536,060</b>
NON-CURRENT ASSETS			
Property, plant and equipment	11	80,506	78,984
Exploration and evaluation expenditure	12	36,986,515	32,936,707
Other assets	13	61,484	52,684
Right-of-use assets	14	40,864	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>37,169,369</b>	<b>33,068,375</b>
<b>TOTAL ASSETS</b>		<b>44,117,405</b>	<b>39,604,435</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	15	570,139	935,746
Provisions	16	37,266	65,439
Lease liabilities	17	42,065	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>649,470</b>	<b>1,001,185</b>
<b>TOTAL LIABILITIES</b>		<b>649,470</b>	<b>1,001,185</b>
<b>NET ASSETS</b>		<b>43,467,935</b>	<b>38,603,250</b>
<b>EQUITY</b>			
Issued capital	18(a)	47,360,131	40,155,584
Reserves	18(b)	5,255,416	5,196,457
Accumulated losses		(9,147,612)	(6,748,791)
<b>TOTAL EQUITY</b>		<b>43,467,935</b>	<b>38,603,250</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

		Issued Capital	Other Reserves	Accumulated Losses	Total
	Note	USD	USD	USD	USD
At 1 January 2019		40,155,584	5,196,457	(6,748,791)	38,603,250
Loss for the period attributable to members of the Company		-	-	(2,398,821)	(2,398,821)
Other comprehensive income	18	-	(110,556)	-	(110,556)
Total comprehensive loss		-	(110,556)	(2,398,821)	(2,509,377)
Shares issued during the period	18	7,462,323	-	-	7,462,323
Costs associated with the issue of shares	18	(257,776)	-	-	(257,776)
Shares based payment	24	-	169,515	-	169,515
Balance as at 31 December 2019		<b>47,360,131</b>	<b>5,255,416</b>	<b>(9,147,612)</b>	<b>43,467,935</b>

		Issued Capital	Other Reserves	Accumulated Losses	Total
	Note	USD	USD	USD	USD
At 1 January 2018		31,565,053	5,363,170	(4,405,548)	32,522,675
Loss for the period attributable to members of the Company		-	-	(2,343,243)	(2,343,243)
Other comprehensive income	18	-	(535,025)	-	(535,025)
Total comprehensive loss		-	(535,025)	(2,343,243)	(2,878,268)
Shares issued during the period	18	8,886,458	-	-	8,886,458
Costs associated with the issue of shares	18	(295,927)	-	-	(295,927)
Shares based payment	24	-	368,312	-	368,312
Balance as at 31 December 2018		<b>40,155,584</b>	<b>5,196,457</b>	<b>(6,748,791)</b>	<b>38,603,250</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest income		45,413	3,105
Payments to suppliers and employees		(2,179,841)	(1,863,947)
Net cash used in operating activities	21	<b>(2,134,428)</b>	<b>(1,860,842)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets		(130,140)	(35,968)
Payments for exploration expenditure		(4,636,709)	(7,228,045)
Net cash used in investing activities		<b>(4,766,849)</b>	<b>(7,264,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		7,462,323	8,886,458
Payment for share issue expenses		(257,776)	(295,927)
Net cash provided by financing activities		<b>7,204,547</b>	<b>8,590,531</b>
Net increase/(decrease) in cash held		303,270	(534,324)
Effect of exchange rates	18	(110,556)	(535,025)
Cash and cash equivalents at beginning of the year		6,364,317	7,433,666
Cash and cash equivalents at end of the year	6	<b>6,557,031</b>	<b>6,364,317</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: CORPORATE INFORMATION

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The financial report of Nusantara Resources Limited (“Nusantara” or “the Company”) and its controlled entities (“the Group”) for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 17 March 2020.

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

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

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

## NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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This consolidated financial report includes the consolidated financial statements and notes and financial information relating to Nusantara as an individual parent entity (“Parent Entity” or “Company”) for the year ended 31 December 2019.

The presentation currency for the Group is United States dollars (USD). The closing exchange rate applied to convert Australian dollar (AUD) balances to USD at 31 December 2019 was 0.701 (2018: 0.706) and the average exchange rate applied for the year ended 31 December 2019 was 0.695 (2018: 0.748).

### Basis of preparation

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

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

The financial report has been prepared on an accruals basis and is based on historical costs basis.

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

### a. Going concern basis of accounting

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

As at 31 December 2019, the Group current assets exceeded current liabilities by USD 6,298,566 (2018: USD 5,534,875). For the year ended 31 December 2019 the Group incurred a loss of USD 2,398,821 (2018: USD 2,343,243) and experienced net cash outflows from operating and investing activities of USD 6,901,276 (2018: USD 9,124,855).

As announced to ASX on 9 December 2019, the Company signed a non-binding term sheet with major shareholder and strategic partner PT Indika Energy Tbk (Indika Energy), establishing a pathway for Indika Energy to invest directly in the Project vehicle PT Masmino DWI Area and to advance the Project to a decision to mine. The terms sheet contemplated (subject to Nusantara shareholder approval and other conditions) among other actions, Indika Energy investing up to USD 40 million into Nusantara’s wholly owned subsidiary PT Masmino DWI Area (Project Company), in two stages and subject to conditions, to secure up to 40% interest in the Project Company:

- an initial tranche of USD 15 million for 25% ownership is to be paid into the Project Company; and
- a further USD 25 million can be invested to acquire an additional 15% ownership subject to conditions including a decision to mine.

As announced to ASX 13 December 2019, the Company completed a Placement and commenced a Share Purchase Plan which closed in quarter 1, 2020. The Placement raised AUD 11 million (including AUD 3.5 million to Indika Energy, deferred until Shareholder Approval).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

At 31 December 2019 Nusantara Resources Limited group had cash of USD 6.56 million and payables of USD 0.57 million and lease obligations of USD0.04 million. As noted above Indika Energy has executed a binding subscription agreement to secure placement shares at a price of AUD 0.34 per share for AUD 3.5 million net of costs, that is subject to Nusantara shareholder approval at a meeting to be called (quarter 2, 2020). In addition, the Company's share price at 31 December 2019 was AUD 0.325 per share and the Company had 18,034,307 options exercisable at AUD 0.30 per option on or before 31 July 2020.

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

The COVID-19 pandemic announced by the World Health Organisation post year end is having a negative impact on World stock markets, currencies and business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially a post balance date impact.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

### **b. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

### c. **Income Tax**

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

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

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

### d. **Property, Plant and Equipment**

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

#### ***Plant and equipment***

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

### **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements and right of use assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets is, Plant and equipment 17% - 33%.

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

### **e. Exploration and Evaluation Expenditure**

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

### **f) i) Financial Instruments**

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

#### **Initial recognition and measurement**

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

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

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

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

#### **Subsequent measurement**

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

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

The Group currently has only financial assets at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

### Derecognition

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

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

### ii) Financial liabilities

#### Initial recognition and measurement

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

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

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

#### Subsequent measurement

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

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

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

The Group currently has only financial liabilities at amortised cost.

#### Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### Derecognition

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



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

### g. Impairment of Non-Financial Assets

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

### h. Foreign Currency Transactions and Balances

#### **Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars. Parent entity's functional currency is Australia dollars, consistent with last year. Its presentational currency remains in United States dollars.

#### **Transactions and balances**

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

#### **Group companies**

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

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

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

### i. Employee Benefits

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

### j. Share-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

The dilutive effect of outstanding options (if any) is reflected as additional share dilution in the computation of diluted loss per share (further details are given in Note 19).

### **k. Provisions**

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

### **l. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

### **m. Other Income**

Interest income is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

### **n. Trade and Other Payables**

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

### **o. Goods and Services Tax (GST)**

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

### p. Comparative Figures

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

### q. Key estimates

#### i. Impairment

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

#### ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

### r. New or Amended Accounting Standards and Interpretations Adopted

#### AASB 16 Leases

This note explains the adoption of the adoption of AASB 16 Leases on the Group's financial statements as applied from 1 January 2019.

The Group has adopted AASB 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Statement of Financial Position on 1 January 2019.

The Group previously had no leases classified as finance leases at 31 December 2018.

#### a) The Group's leasing activities and how these are accounted for:

The Group leases various offices and equipment. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. Until the 2018 financial year, the Group only had operating leases. Payments under operating leases were charged to Statement of Profit or Loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to Statement of Profit or Loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measure on a present value basis. Lease liabilities include the net present value of the fixed payments due under the lease.

The lease payments are discounted using the interest rate implicit in the lease or where that cannot be determined, an estimate of the lessee's incremental borrowing rate is used (being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions).

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 3: INCOME TAX EXPENSE

- a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2019 USD	2018 USD
Loss before tax	(2,398,821)	(2,343,243)
Total income tax benefit calculated at 30% (2018: 30%)	(719,646)	(702,973)
Tax effect of:		
– Non-deductible expenses	719,646	702,973

Deferred tax asset not brought to account

#### Income Tax Expense

-	-
-	-
-	-

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

### NOTE 4: INTERESTS OF KEY MANAGEMENT PERSONNEL

#### a) Compensation for Key Management Personnel

	2019 USD	2018 USD
Short term employee benefits	947,990	814,394
Post-Employment	44,654	50,816
Share Based Transactions – refer Note 24	138,518	324,933
Total compensation	<b>1,131,162</b>	<b>1,190,143</b>

#### b) Other Key Management Personnel Transactions

There have been no other Key Management Personnel transactions involving equity instruments. For details of other transactions with Key Management Personnel refer to Note 23 Related Parties.

### NOTE 5: AUDITORS' REMUNERATION

	2019 USD	2018 USD
BDO – audit services	30,650	-
Ernst & Young Australia - audit services	-	99,738
Ernst & Young Australia – non-audit services	10,274	-
	<b>40,924</b>	<b>99,738</b>

During the 2019 year, BDO were appointed as the Company's Auditor, replacing Ernst and Young in Australia. The Company's Indonesian subsidiary PT Masmino Dwi Area prepares financial statements which are audited for regulatory purposes, the auditor is also BDO. During the year ended 31 December 2019 Ernst and Young received fees for some audit services relating to financial year 2018 Audit, and received fees of USD 10,774 for Payroll and Employment tax advice, and review of Indonesian tax treaties for the banking financial model (2018: Nil) .

### NOTE 6: CASH AND CASH EQUIVALENTS

	2019 USD	2018 USD
Cash at bank	6,557,031	6,364,317
	<b>6,557,031</b>	<b>6,364,317</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 7: OTHER RECEIVABLES

### CURRENT

Prepayments
Security Deposits <sup>1</sup>
Other receivables

2019	2018
USD	USD
171,326	16,957
205,327	114,372
14,352	40,414
<b>391,005</b>	<b>171,743</b>

<sup>1</sup> AUD60,000 is held as security for a credit card facility and bears interest at 0.535%

AUD42,000 is held as security for the office lease and bears interest at 0.565%

USD133,825 is set aside as security for the reclamation bond and bears interest at 1.45%

## NOTE 8: SEGMENT INFORMATION

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

Regarding the exploration and evaluation operating segment, the Chief Operating Decision Maker (determined to be the Board of Directors) receives information on the exploration and evaluation expenditure incurred. This information is disclosed in note 12 of the financial report. No segment revenues are disclosed as the exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off. The non-current assets of the Group, attributable to the parent entity, are located in Indonesia.

## NOTE 9: PARENT ENTITY DISCLOSURES

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

	2019	2018
	USD	USD
Current assets	6,515,140	6,387,831
Total assets	37,217,508	39,022,421
Current liabilities	264,713	419,171
Total liabilities	264,713	419,171
Issued capital	47,360,131	40,155,584
Reserves	5,421,322	5,362,363
Accumulated losses	(9,313,518)	(6,914,697)
Net equity	<b>43,467,935</b>	<b>38,603,250</b>
Loss of the parent entity	(2,398,821)	(2,343,238)
Total comprehensive loss of the parent entity	(2,398,821)	(2,343,238)

The parent entity has not entered into any contractual commitments for the acquisition of property plant and equipment as at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 10: CONTROLLED ENTITIES

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

Controlled Entities consolidated	Country of Incorporation	Percentage Owned	
		2019 %	2018 %
PT Masmino Dwi Area	Indonesia	100	100
Salu Siwa Pty Limited	Australia	100	100
Vista Gold (Barbados) Corp	Barbados	100	100
Nusantara Holdings Pty Ltd (registered 03 July 2019)	Australia	100	-

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT

### Plant and equipment

	2019 USD	2018 USD
At cost	440,315	401,249
Accumulated depreciation	(359,809)	(322,265)
Total plant and equipment	<b>80,506</b>	<b>78,984</b>

Reconciliation of the carrying amounts are set out below:

### Plant and equipment

Carrying amount at beginning of year	78,984	83,310
Additions	39,066	28,818
Depreciation	(37,544)	(33,144)
Write off plant and equipment	-	-
Carrying amount of plant and equipment at end of year	<b>80,506</b>	<b>78,984</b>

## NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

– exploration and evaluation phases at the end of year

### Reconciliations

	2019 USD	2018 USD
Carrying amount at the beginning of year	32,936,707	25,922,423
Expenditure incurred during current year	4,049,808	7,014,284
Carrying amount at the end of year	<b>36,986,515</b>	<b>32,936,707</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 13: OTHER ASSETS

#### Intangible asset – computer software

	2019 USD	2018 USD
At cost	406,578	368,247
Accumulated amortisation	(345,094)	(315,563)
Total intangible asset	<b>61,484</b>	<b>52,684</b>

Reconciliation of the carrying amounts are set out below:

#### Intangible asset

Carrying amount at beginning of year	52,682	73,421
Additions	38,333	7,152
Amortisation	(29,531)	(27,889)
Carrying amount of intangible asset at end of year	<b>61,484</b>	<b>52,684</b>

### NOTE 14: RIGHT OF USE ASSETS

#### Office lease

	2019 USD	2018 USD
At cost	94,061	-
Accumulated amortisation	(53,197)	-
Total Right of use asset	<b>40,864</b>	-

Reconciliation of the carrying amounts are set out below:

#### Office lease

Carrying amount at beginning of year	-	-
Additions	94,061	-
Depreciation	(53,197)	-
Carrying amount of right of use asset at end of year	<b>40,864</b>	-

### NOTE 15: TRADE AND OTHER PAYABLES

	2019 USD	2018 USD
Trade payables and accrued expenses	555,560	928,153
VAT payables	14,579	7,593
Trade and other payables	<b>570,139</b>	<b>935,746</b>

### NOTE 16: PROVISIONS

	2019 USD	2018 USD
Provisions – current	37,266	65,439

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 17: LEASE LIABILITIES

Office lease – current

Carrying amount at beginning of year

Lease liabilities arising during year – AASB16

Lease payments made

Interest

Carrying amount at end of year

2019 USD	2018 USD
-	-
94,062	-
(53,707)	-
1,710	-
<b>42,065</b>	-

### NOTE 18: ISSUED CAPITAL AND RESERVES

#### a. Issued Capital

190,159,752 (2018: 153,804,835) fully paid ordinary shares. The shares have no par value.

#### Movements in ordinary share capital

At the beginning of the reporting period

Shares issued during the year

At the end of the reporting period

2019 USD	2018 USD
47,360,131	40,155,584
<b>Shares</b>	<b>Shares</b>
153,804,835	97,531,763
36,354,917	56,273,072
<b>190,159,752</b>	<b>153,804,835</b>

#### Movements in ordinary share capital

Balance at beginning of the reporting period

Shares issued during the year

Costs associated with shares issued during the year

At the end of the reporting period

2019 USD	2018 USD
40,155,584	31,565,053
7,462,323	8,886,458
(257,776)	(295,927)
<b>47,360,131</b>	<b>40,155,584</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 18: ISSUED CAPITAL AND RESERVES (CONTINUED)

	2019	2018
<b>Movements in options</b>	<b>Options</b>	<b>Options</b>
At the beginning of the reporting period	24,351,625	37,405,392
Incentive Options issued during the year	2,200,000	1,715,318
Incentive Options forfeited during the year	(1,770,000)	(295,000)
Listed Loyalty Options expiring during the year	-	(32,508,392)
Unlisted Placement options issued during the year	22,289,159	-
Listed Rights issue Options issued during the year	-	18,034,307
At the end of the reporting period	<b>47,070,784</b>	<b>24,351,625</b>

## b. Reserves

	Foreign Currency Translation	Debt Forgiveness	Share Based Payment	Total Other Reserves
	USD	USD	USD	USD
At 1 January 2018	(139,454)	5,233,212	269,412	5,363,170
Currency translation differences	(535,025)	-	-	(535,025)
Shares based payment	-	-	368,312	368,312
Balance as at 31 December 2018	<b>(674,479)</b>	<b>5,233,212</b>	<b>637,724</b>	<b>5,196,457</b>
At 1 January 2019	(674,479)	5,233,212	637,724	5,196,457
Currency translation differences	(110,556)	-	-	(110,556)
Shares based payment	-	-	169,515	169,515
Balance as at 31 December 2019	<b>(785,035)</b>	<b>5,233,212</b>	<b>807,239</b>	<b>5,255,416</b>

## Nature and purpose of reserves

### Foreign Currency Translation

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

### Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 24 for further details of these plans.

### Debt Forgiveness

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

## c. Options

On 12 December 2018 the Company announced securities placements subject to shareholder approval. On 25 January 2019 the Company completed the securities placements which included issuing one unlisted option for every two shares taken up, totalling 22,289,159 unlisted options. These options are exercisable at AUD 0.35 each and expire 30 November 2020.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 19: LOSS PER SHARE

	2019 USD	2018 USD
a. Reconciliation of loss		
Loss for the year	(2,398,821)	(2,343,243)
Loss used in the calculation of basic and dilutive EPS	<b>(2,398,821)</b>	<b>(2,343,243)</b>
		<b>Number</b>
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic Loss per share	167,809,381	111,967,115
Weighted average number of ordinary shares outstanding during the year used in calculating diluted Loss per share	185,843,688	111,967,115
Weighted average number of dilutive options outstanding	18,034,307	-
c. Anti-dilutive options (not used in dilutive loss per share calculation)	38,248,697	38,248,697
	<b>2019 Cents</b>	<b>2018 Cents</b>
d. Loss per share (basic)	<b>(1.4)</b>	<b>(2.1)</b>
Loss per share (diluted)	<b>(1.4)</b>	<b>(2.1)</b>

### NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES

- (a) In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa, PT Masmino via acquisition of all shares in Vista Gold (Barbados) Inc. In accordance with the terms of the agreement, as consideration for the transaction, the Company agreed to grant Vista Gold Corporation a royalty of 2.0% of Net Smelter Returns on the first 1,250,000 ounces of gold produced from the Awak Mas Gold Project and 2.5% on the next 1,250,000 ounces of gold produced. In November 2019, by paying consideration of USD 100,000 and 666,667 ordinary shares issued to the holder of the net Smelter Returns Royalty Agreement, the Company secured an option to extinguish this royalty. Specifically the Company may cancel 50% of the Royalty by giving notice prior to 30 April 2020 and paying USD 2.4M; and may cancel the remaining 50% of the Royalty by giving notice prior to 30 April 2021 and paying USD 2.5M.
- (b) In order to maintain current rights of tenure to tenements the Group is required to advance the Awak Mas Gold Project through to operation and production. The Awak Mas Gold Project is currently in the Operations and Production Period and the Group is required to pay Dead Rent of USD 57,560 annually (USD 4.00 per hectare on the 14,390 hectares of the CoW) and Building Tax of approximately USD 8,000 annually.
- (c) On 13 February 2019, the Company received a Decision on Reclamation Guarantee from the Indonesian Ministry of Energy and Mineral Resources, stating the requirement of the Company to place a reclamation guarantee of USD 1,338,252 in the form of bank guarantees and time deposits. The company has placed 10% of the total reclamation guarantee in the form of time deposits (USD 133,825, see Note 7), and the company is in the process of submitting a bank guarantee application of 90% of the total reclamation guarantee.
- (d) On 9 December 2019, the Company announced signing of a non-binding and conditional term sheet (Term Sheet) with strategic partner PT Indika Energy Tbk group companies (Indika Group) regarding, amongst other matters, an investment by Indika Group in Nusantara's Indonesian subsidiary (Project Company) in two stages (Indika Investment). On 25 February 2020 the Project equity arrangements contemplated under the Term Sheet were executed by the appropriate group companies. These agreements consist of a Project Company shareholders agreement, a Project Company subscription agreement and Nusantara unlisted option subscription agreements for Indika Group and PT Petrosea Tbk (Petrosea). The first stage USD 15 million investment by Indika Group, to earn a 25% Project interest, is subject to Nusantara shareholder approval and standard regulatory approvals, and is conditional on Nusantara investing USD 6 million towards the Project. The second stage USD 25 million investment, to earn a further 15% Project interest remains subject to Nusantara shareholder approval and conditional on milestones as set out in the Term Sheet including Nusantara investing a further USD 4 million towards the Project. The Term Sheet also provided for USD 40 million in deferred payment arrangements, through Front End Engineering Design USD 10 million (FEED) and Engineering Procurement Contract (USD 30 million) (EPC). The award of the FEED contract is a condition of the stage 1 investment.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

### (e) Operating lease commitments – Group as lessee

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

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

	2019 USD	2018 USD
Within one year	81,776	151,013
After one year but not more than five years	5,571	74,511
More than five years	-	-
<b>Total</b>	<b>87,347</b>	<b>225,524</b>

## NOTE 21: NOTES TO THE CASH FLOW STATEMENT

	2019 USD	2018 USD
<b>a. Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:		
Cash at bank	6,557,031	6,364,317
	<b>6,557,031</b>	<b>6,364,317</b>
<b>b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities</b>		
Loss from ordinary activities after income tax	(2,398,821)	(2,343,243)
Add/(less) non-cash items:		
Depreciation and amortisation	119,817	61,032
Share based transactions	169,515	368,312
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:		
(Increase)/Decrease in receivables	(219,262)	89,185
Increase in lease liabilities	42,065	-
Increase/(Decrease) in payables	57,538	(81,570)
Increase in provisions	94,720	45,442
<b>Net cash (used) in operating activities</b>	<b>(2,134,428)</b>	<b>(1,860,842)</b>

### c. Non-Cash Financing

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

- (a) On 24 January 2020, the Company announced the results of the Share Purchase Plan offer as announced on 13 December 2019. As a result, the Company issued and allotted 1,866,151 fully paid ordinary shares on 28 January 2020, raising AUD634,500.
- (b) The Group is subject to tax audits by the Indonesian Tax Office and in 2018 had been issued with a revised assessment with respect to VAT paid in 2012. The Group disputed the assessment and paid IDR1.9 billion as a deposit to advance to the Tax Court. On 5 December 2019, the Group was advised its appeal had been successful and on 13 February 2020 the Group received a refund from the Indonesian Tax Office of IDR1.9 billion (USD145,000) in resolution of the matter.
- (c) On 9 December 2019, the Company announced signing of a non-binding and conditional terms sheet (Term Sheet) with strategic partner PT Indika Energy Tbk group companies (Indika Group) regarding, amongst other matters, an investment by Indika Group in Nusantara's Indonesian subsidiary (Project Company) of up to USD 40 million for up to 40% of the Project Company in two stages (Indika Investment). The Term Sheet included a proposal for Nusantara and Indika Group joint venturing the Project and provided a pathway for project funding and development of the 2.0 million ounce Project. On 25 February 2020 the Project equity arrangements contemplated under the Term Sheet were executed by the appropriate group companies. These agreements consist of a Project Company shareholders agreement, a Project Company subscription agreement and Nusantara unlisted option subscription agreements for Indika Group and PT Petrosea Tbk (Petrosea). The first stage USD 15 million investment by Indika Group, to earn a 25% Project interest, is subject to Nusantara shareholder approval and standard regulatory approvals, and is conditional on Nusantara investing USD 6 million towards the Project. The second stage USD 25M investment, to earn a further 15% Project interest remains subject to Nusantara shareholder approval and conditional on milestones as set out in the Term Sheet including Nusantara investing a further USD 4 million towards the Project. The Term Sheet also provided for USD 40M in deferred payment arrangements, through Front End Engineering Design USD 10 million (FEED) and Engineering Procurement Contract (USD 30 million) (EPC). The award of the FEED contract is a condition of the stage 1 investment.
- (d) The COVID-19 pandemic announced by the World Health Organisation post year end is having a negative impact on World stock markets, currencies and business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially a post balance date impact.

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

## NOTE 23: RELATED PARTIES

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

### Directors

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

Mr Greg Foulis (appointed 29 March 2018) <sup>1</sup>	Chairman –Director
Mr Robert Hogarth (appointed 17 February 2017)	Non-Executive Director
Mr Boyke Abidin (appointed 11 April 2017)	Executive Director
Mr Robin Widdup (appointed 28 February 2018)	Non-Executive Director
Mr Richard Ness (appointed 13 December 2018)	Non-Executive Director
Mr Neil Whitaker (appointed 24 September 2019)	Executive Director
Mr Michael Spreadborough (resigned as a director 1 May 2019)	Executive Director

<sup>1</sup> Mr Foulis was appointed as a Non-Executive Director and Chairman on 29 March 2018 and acted in this role for the period since appointment to 30 April 2019). On 1 May 2019 when Managing Director Mr Spreadborough resigned, Mr Foulis was appointed as Executive Chairman and remains in that role for a transitional period following appointment of the new Chief Executive Officer.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 23: RELATED PARTIES (CONTINUED)

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

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

### Transactions with related parties:

#### Directors

In 2017 a services agreement was entered into with Lion Manager Pty Ltd for Company Secretarial and Chief Financial Officer duties fulfilled by Craig Smyth. Under the services agreement Lion Manager Pty Ltd, an entity affiliated with Mr Robin Widdup was paid a monthly fee commensurate with rates charged by third parties for the provision of accounting and company secretarial services. These arrangements ended on 31 March 2018.

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

#### Directors' and Executive Officers' holdings of shares and options

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

## NOTE 24: SHARE-BASED PAYMENTS

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

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

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

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

	2019 Options	2018 Options
Balance at beginning of the reporting period	6,317,318	4,897,000
Options issued during the reporting period		
- exercisable at AUD 0.61 per share	-	1,715,318
- exercisable at AUD 0.42 per share	1,133,390	-
- exercisable at AUD 0.35 per share	1,066,610	-
Options exercised during the reporting period	-	-
Options Forfeited during the reporting period	(1,770,000)	(295,000)
At the end of the reporting period	<b>6,747,318</b>	<b>6,317,318</b>

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

Share Based Payment Expense	2019 USD	2018 USD
Key Management Personnel	138,518	324,933
Employees	30,997	43,379
Expense from equity-settled share-based payment transactions	<b>169,515</b>	<b>368,312</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 24: SHARE-BASED PAYMENTS (CONTINUED)

#### Fair value of options granted

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

Item	November 2019	November 2019	November 2019
Assessed fair value at grant date (AUD)	\$0.179	\$0.182	\$0.168
Number of options	500,000	566,610	1,133,390
Vesting Conditions	Fully Vested	Achieving project FID	One half on commencing construction at the Awak Mas Gold Project  One half on 3 months commercial production at the Awak Mas Gold Project
Exercise Price (AUD)	\$0.35	\$0.35	\$0.42
Grant Date	06/11/2019	06/11/2019	06/11/2019
Expiry Date	11/07/2022	26/08/2022	26/08/2022

The fair value at grant date is determined using the Black Scholes Model. The model inputs for options granted during the year ended 31 December 2019 included:

Item	November 2019	November 2019	November 2019
a. Consideration	\$nil	\$nil	\$nil
b. Share price at grant date (AUD)	\$0.34	\$0.34	\$0.34
c. Expected price volatility of the company's shares	87.6%	87.6%	87.6%
d. Expected dividend yield	0%	0%	0%
e. Risk-free interest rate	0.93%	0.93%	0.93%

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## NOTE 25: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, trade and other receivables, trade and other payables. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 USD	2018 USD
<b>Financial Assets</b>			
Cash and cash equivalents	6	6,557,031	6,364,317
Receivables	7	391,005	171,743
<b>Total Financial Assets</b>		<b>6,948,036</b>	<b>6,536,060</b>
<b>Financial Liabilities</b>			
Trade and other payables	15	570,139	935,746
<b>Total Financial Liabilities</b>		<b>570,139</b>	<b>935,746</b>

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

## Financial Risk Management Policies

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

### Foreign currency risk

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

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

<i>Cash and cash equivalents by currency</i>	2019 USD	2018 USD
Australian dollars	504,962	6,310,765
Indonesian rupiah	121,925	36,956
United States dollars	5,930,144	16,596
	<b>6,557,031</b>	<b>6,364,317</b>

### Interest Rate Risk

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

The weighted average interest rate of cash and cash equivalents is 0.9% (31 December 2018: 0.8%). Receivables and Trade and other payables are non-interest bearing. At 31 December 2019 the Group's interest rate risk is not considered material.

### Credit Risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity Risk

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

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

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

### NOTE 26: COMPANY DETAILS

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

Ground Floor  
20 Kings Park Road  
West Perth  
Western Australia 6005 Australia



## DIRECTOR'S DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Neil Whitaker  
**Chief Executive Officer**  
Dated 17 March 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of Nusantara Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Nusantara Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## Key audit matters

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

### Accounting for Capitalised Exploration and Evaluation Expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2019 the Group held a significant carrying value of exploration and evaluation expenditure as disclosed in Note 12.</p> <p>As the carrying value of these exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether any factors of circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration and evaluation expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition;</li> <li>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing whether the Company's rights to tenure of the Awak Mas Gold Project remained current at balance date;</li> <li>• Considering the status of ongoing exploration and evaluation programmes in the respective area of interest by holding discussions with management, reviewing the Group's exploration and evaluation budgets, ASX announcements and director's minutes;</li> <li>• Reviewing independently prepared documentation supporting project viability;</li> <li>• Considering whether any other facts or circumstances existed to suggest whether impairment triggers were present;</li> <li>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; and</li> <li>• Assessing the adequacy of the related disclosures in Note 2(e), Note 2(q) and Note 12 to the Financial Report.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

#### **Responsibilities of the directors for the Financial Report**

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

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

#### **Auditor's responsibilities for the audit of the Financial Report**

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included on pages 6 to 11 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Nusantara Resources Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.



### **Responsibilities**

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

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish extending from the end.

**Neil Smith**

**Director**

Perth, 17 March 2020



## ADDITIONAL INFORMATION AS AT 03 APRIL 2020

### Distribution of Ordinary Fully Paid Shareholders

Range	Number of Shareholders	Number of Shares
1 - 1,000	103	49,178
1,001 - 5,000	193	630,585
5,001 - 10,000	101	821,118
10,001 - 100,000	264	9,870,752
100,001 and over	121	180,654,270
<b>Total Shareholders</b>	<b>782</b>	<b>192,025,903</b>

Number of ordinary shareholders with less than a marketable parcel was 143.

### Twenty Largest Shareholders of Ordinary Shares

Shareholder	Number of Shares	%
Lion Selection Group Limited	44,899,584	23.38
PT Indika Mineral Investindo	33,387,422	17.39
J P Morgan Nominees Australia Pty Limited	29,834,063	15.54
Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	6,750,000	3.52
Macquarie Bank Limited <Metals Mining and AG A/C>	4,991,056	2.60
Silver Pine Capital Limited	3,571,428	1.86
BNP Paribas Nominees Pty Ltd <Jarvis A/C non treaty DRP>	3,456,604	1.80
Citicorp Nominees Pty Limited	3,247,126	1.69
Tuetex Pty Limited <Bradley Investment A/C>	2,425,000	1.26
Mr Richard Thomas Hayward Daly + Mrs Sarah Daly <The Daly Family SF Rth A/C>	2,350,654	1.22
Pasias Holdings Pty Ltd	1,750,000	0.91
HSBC Custody Nominees (Australia) Limited	1,729,048	0.90
Mr Ross Lindsay McMillan	1,588,235	0.83
Mr Robin Anthony Widdup entities	1,454,303	0.76
Vista Gold Corp	1,333,334	0.69
John Joseph Ryan	1,323,684	0.69
Sam Gouloupoulos Pty Ltd <S Gouloupoulos F/Super A/C>	1,200,000	0.62
DBPC Group Finance Pty Ltd <DBPC Group Finance A/C>	1,190,477	0.62
Swanco PtyLtd	1,190,476	0.62
Lido Trading	1,190,434	0.62
	<b>148,862,928</b>	<b>77.52</b>

### Substantial Shareholders

Name	Number of Shares	%
Lion Selection Group Limited	44,899,584	23.4%
PT Indika Energy Tbk	35,437,656	18.5%
AustralianSuper Pty Limited	28,288,639	14.7%

## ADDITIONAL INFORMATION AS AT 03 APRIL 2020

### On-Market Buy Back

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

### Voting Rights

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

### Distribution of Listed Option Holders

Range	Number of Option Holders	Number of Options
1 - 1,000	33	14,791
1,001 - 5,000	33	101,948
5,001 - 10,000	8	58,685
10,001 - 100,000	45	1,728,940
100,001 and over	30	16,129,943
<b>Total Options</b>	<b>149</b>	<b>18,034,307</b>

Number of listed options with less than a marketable parcel was 87.

### Twenty Largest Holders of Listed Options

Name	Number of Options	%
Lion Selection Group Limited	3,750,000	20.79
Mr Richard Thomas Hayward Daly + Mrs Sarah Kay Daly <The Daly Family S/F Rth A/C>	1,422,172	7.89
J P Morgan Nominees Australia Pty Limited	1,320,488	7.32
HSBC Custody Nominees (Australia) Limited	1,301,282	7.22
Mr Tarecq Aldaoud	1,000,000	5.54
Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	884,020	4.90
Smongo Pty Ltd <Smongo Super Fund A/C>	680,000	3.77
RIGI Investments Pty Ltd <MG Family Super Fund A/C>	589,347	3.27
Thang Pty Ltd	515,206	2.86
Magedo Super Pty Ltd <MG Family Super Fund A/C>	500,000	2.77
Atlantis MG Pty Ltd <MG Family A/C>	450,000	2.50
Mr Dominic Paul McCormick	400,000	2.22
Mr Robin Anthony Widdup entities	346,460	1.92
Mr Tarecq Elias Aldaoud	300,000	1.66
BVB Custodian Pty Ltd <BVB A/C>	294,674	1.63
Pasias Holdings Pty Ltd	294,674	1.63
Sam Gouloupoulos Pty Ltd	294,674	1.63
Mr Richard Desmond Reid	216,798	1.20
Assurance Capital Pty Ltd	211,139	1.17
Lion Manager Pty Ltd	208,331	1.16
	<b>14,979,265</b>	<b>83.06</b>

## ADDITIONAL INFORMATION AS AT 03 APRIL 2020

### Unlisted Options

These options are unlisted. Until conversion they confer no voting rights to subscribe for new securities in the Company.

Unlisted options are a separate class of security that may be converted into Company shares once they have vested and in accordance with specified criteria.

### Distribution of Unlisted Option Holders

Range	Option Holders	Number of Options
100,001 and over	13	29,036,477

### Holder of more than 20% of Unlisted Options

Option Holder	Exercisable at AUD0.35 Expiring 30 November 2020 Transferable	Exercisable at AUD0.42 Expiring 2 August 2020 Not Transferable	Exercisable at AUD0.61 Expiring 27 August 2021 Not Transferable	Exercisable at AUD0.61 Expiring 27 July 2021 Not Transferable
PT Indika Mineral Investindo	16,693,711			
AustralianSuper	5,595,448			
Holders less than 20%		472,000	3,335,318	740,000
<b>Total</b>	<b>22,289,159</b>	<b>472,000</b>	<b>3,335,318</b>	<b>740,000</b>

Option Holder	Exercisable at AUD0.35 Expiring 11 July 2022 Not Transferable	Exercisable at AUD0.35 Expiring 26 August 2022 Not Transferable	Exercisable at AUD0.42 Expiring 26 August 2022 Not Transferable
Holders less than 20%	500,000	566,610	1,133,390
<b>Total</b>	<b>500,000</b>	<b>566,610</b>	<b>1,133,390</b>

### Share Price

The closing share price on the Australian securities Exchange on 31 December 2019 was AUD0.325.

### Shareholder Enquiries

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

Computershare Investor Services Pty Limited  
 452 Johnson Street, Abbotsford, Victoria, 3067  
 Website: [www.computershare.com.au](http://www.computershare.com.au)  
 Telephone: 1300 850 505 (within Australia)  
                   +61 (0)3 9415 4000  
 Facsimile: +61 (0)3 9473 2500

## Board of Directors

Greg Foulis - Chairman - Executive Director

Neil Whitaker - CEO - Director

Boykle Abidin - Executive Director

Rob Hogarth - Non-Executive Director

Richard Ness - Non-Executive Director

Robin Widdup - Non-Executive Director

## Company Secretary

Derek Humphry

## Registered Office

20 Kings Park Road

West Perth, Western Australia, 6005

PO Box 410

West Perth, Western Australia, 6872

Telephone: +61 (0)8 9460 8600

Email: [info@nusantararesources.com](mailto:info@nusantararesources.com)

## Securities Exchange Listing

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

ASX Code: NUS

## Bankers

HSBC Bank Australia

## Investor Relations

Mr Greg Foulis

Executive Chairman

Telephone: +61 (0) 438 544 399

or

Mr David Waterhouse

Investor Relations

Telephone: +61 (0) 407 880 937

## Share Registry

Computershare Investor Services Pty Limited

452 Johnson Street

Abbotsford, Victoria, 3067

Telephone: 1300 850 505 (within Australia)

+61 (0)3 9415 4000

Facsimile: +61 (0)3 9473 2500



**Nusantara Resources Limited**

ACN 150 791 290

[www.nusantararesources.com](http://www.nusantararesources.com)