



Corporate Directory

Directors

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

Company Secretary

Derek Humphry

Registered Office and Principal Place of Business

Level 1, 9 Havelock Street
West Perth, Western Australia, 6005

Telephone: +61 8 9460 8600

Email: info@nusantararesources.com

Website: www.nusantararesources.com

Share registry

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

Auditor

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

Securities exchange

Australian Securities Exchange
ASX code: NUS

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, being Nusantara Resources Limited ('Nusantara' or 'the Company') and its controlled entities ('the Group') for the half-year ended 30 June 2020.

Directors

The following persons held the office of director during the half-year ended 30 June 2020 and to the date of this report unless otherwise stated:

Mr Greg Foulis	Chairman
Mr Neil Whitaker	Managing Director
Mr Robert Hogarth	Non Executive Director
Mr Richard Ness	Non Executive Director
Mr Kamen Palatov (appointed 10 July 2020)	Non Executive Director
Mr Robin Widdup	Non Executive Director
Mr Boyke Abidin (resigned as a director 10 July 2020)	

Company Secretary

Derek Humphry held the office of company secretary during the half-year ended 30 June 2020 and to the date of this report.

Principal Activities and Significant Changes in the Nature of Activities

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

Operating Results

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

The consolidated loss of the Group for the half-year ended 30 June 2020 was \$921,992 (for the half-year ended 30 June 2019 the loss was \$817,871).

During the period the Company completed the Placement and the Share Purchase Plan initiated in December 2019, resulting in the issuance of 12,366,151 shares raising \$2,734,911 (A\$4,204,500) before costs.

The Company advanced the Project with a USD11.45M commitment to Front End Engineering and Design, supported by an up to USD15M deferred payment arrangement with contractor PT Petrosea Tbk (Petrosea), a party related to significant shareholder PT Indika Energy Tbk (Indika) as announced 24 March 2020.

An updated Mineral Resource was announced to the market in late April 2020 and was followed by an updated Ore Reserve announced on 16 June 2020. The economic impact of the updated Ore Reserve was announced on 29 June 2020, showing a 240% increase in the Project's NPV_{5%} as compared to the 2018 DFS result.

In addition the Company executed binding agreements relating to investment by strategic partner Indika into the Project holding company, PT Masmino DWI Area (Masmino). The agreements include a Masmino Shareholders Agreement, a Masmino Subscription Agreement, and Nusantara unlisted Option Subscription Agreements with Indika Group and Petrosea. The agreements were approved by Nusantara shareholders at a General Meeting in April 2020, and Indika advanced USD15M into Masmino aiming to secure an initial interest of 25% of Masmino. At 30 June 2020 the transaction was conditional on a final regulatory approval which was secured in August 2020.

Review of Operations

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



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

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

- Strategic partner progress – binding agreements executed in February 2020 and shareholder approval secured in April 2020 for the strategic investment by Indonesian integrated energy company, Indika in the Project company Masmino;
- \$11.45M Front End Engineering and Design contract awarded to Petrosea in March 2020 supported by a deferred payment arrangement up to USD15M with Petrosea;
- Mineral Resources increased by 18% to 2.35M ounces as announced to ASX 28 April 2020;
- Executive director and Chief Executive Officer Mr Neil Whitaker was appointed Managing Director on 29 May 2020;
- Ore Reserves increase by 34% to 1.53M ounces as announced to ASX 16 June 2020; and
- Updated economic assessment estimates project NPV_{5%} increases by 240% to USD517M as compared to 2018 DFS (reported 4 October 2018).

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

Subsequent Events

On 10th July 2020, Mr Boyke Abidin resigned as a director of the Company, and Mr Kamen Palatov, previously an alternate director to Mr Richard Ness, was appointed as a director.

Since the reporting date, 10,053,393 options were exercised before expiry, resulting in the issuance of 10,053,393 shares raising A\$3,016,018.

In addition, in August 2020 the Company received the final regulatory approval for the Indika Tranche 1 investment and issued securities from the Project Company to facilitate Indika's 25% ownership. At the same time in accordance with the agreements approved by Shareholders at the 29 April 2020 General Meeting the Company issued:

- 10M options to Indika subsidiary exercisable at A\$0.61 each and expiring 1 December 2022 vesting upon entry into the Stage 2 USD25M investment into the Awak Mas Gold Project entity;
- 3M options to PT Petrosea Tbk (Petrosea) exercisable at A\$0.45 each, vesting on the decision to mine Awak Mas Gold Project and expiring in 1 July 2022; and

- 7M options to Petrosea exercisable at A\$0.45 each, vesting on entry into the EPC Contract and commercial production of the Awak Mas Gold Project mine, within 110% of original contracted price, and expiring in 1 July 2024.

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

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2020, is set out on the following page.

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



.....
Neil Whitaker

Managing Director

2 September 2020

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

As lead auditor for the review of Nusantara Resources Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Neil Smith

Director

BDO Audit (WA) Pty Ltd
Perth, 2 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Note	Half-Year 30 June 2020 USD	Half-Year 30 June 2019 USD
Income			
Interest income		72,074	33,168
Expenses			
Employee and Directors' benefits expense		(676,955)	(382,659)
Share-based remuneration		(57,766)	(72,872)
Professional fees and consultants		(577,470)	(182,992)
Depreciation and amortisation		(64,552)	(55,247)
Currency fluctuations		786,012	-
Other expenses		(403,335)	(157,269)
Loss before income tax		(921,992)	(817,871)
Income tax expense		-	-
Loss for the period		(921,992)	(817,871)
Other comprehensive (loss) – foreign currency translation reserve		87,637	(65,994)
Total Comprehensive Loss for the period		(834,355)	(883,865)
		Cents	Cents
Basic loss per share	6	(0.55)	(0.49)
Diluted loss per share	6	(0.55)	(0.49)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Note	30 June 2020 USD	31 December 2019 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	18,201,299	6,557,031
Other receivables		765,674	391,005
TOTAL CURRENT ASSETS		18,966,973	6,948,036
NON-CURRENT ASSETS			
Property, plant and equipment		117,713	80,506
Exploration, evaluation and development expenditure	3	43,487,468	36,986,515
Right-of-use assets		13,250	61,484
Other assets		59,005	40,864
TOTAL NON-CURRENT ASSETS		43,677,436	37,169,369
TOTAL ASSETS		62,644,409	44,117,405
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		612,308	570,139
Deferred payment arrangement	8 (c)	1,583,536	-
Provisions		43,036	37,266
Lease liabilities		13,849	42,065
Advance on subsidiary company minority equity	4	15,000,010	-
TOTAL CURRENT LIABILITIES		17,252,739	649,470
TOTAL LIABILITIES		17,252,739	649,470
NET ASSETS		45,391,670	43,467,935
EQUITY			
Issued capital	5	50,060,454	47,360,131
Reserves		5,400,819	5,255,416
Accumulated losses		(10,069,603)	(9,147,612)
TOTAL EQUITY		45,391,670	43,467,935

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Half-Year 30 June 2020 USD	Half-Year 30 June 2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	72,074	33,168
Payments to suppliers and employees	(1,718,143)	(1,024,567)
Proceeds from government grants	32,900	-
Net cash used in operating activities	(1,613,169)	(991,399)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(99,280)	(16,868)
Payments for exploration, evaluation and development expenditure	(5,217,265)	(1,975,934)
Net cash used in investing activities	(5,316,545)	(1,992,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,734,912	2,279,883
Payment for share issue expenses	(34,588)	(29,637)
Proceeds from other financing activities	15,000,010	-
Net cash provided by financing activities	17,700,334	2,250,246
Net (decrease) in cash held	10,770,620	(733,955)
Effect of exchange rates	873,648	(65,994)
Cash and cash equivalents at beginning of the period	6,557,031	6,364,317
Cash and cash equivalents at end of the period	18,201,299	5,564,368

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Issued Capital	Other Reserves	Accumulated Losses	Total
	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	-	-	(817,871)	(817,871)
Other comprehensive loss	-	(65,994)	-	(65,994)
Total comprehensive loss	-	(65,994)	(817,871)	(883,865)
Shares issued during the period	2,279,883	-	-	2,279,883
Costs associated with the issue of shares	(29,637)	-	-	(29,637)
Share based payments	-	72,872	-	72,872
Balance as at 30 June 2019	42,405,830	5,203,335	(7,566,662)	40,042,503
	Issued Capital	Other Reserves	Accumulated Losses	Total
	USD	USD	USD	USD
At 1 January 2020	47,360,131	5,255,416	(9,147,612)	43,467,935
Loss for the period attributable to members of the Company	-	-	(921,992)	(921,992)
Other comprehensive loss	-	87,638	-	87,638
Total comprehensive loss	-	87,638	(921,992)	(834,354)
Shares issued during the period	2,734,912	-	-	2,734,912
Costs associated with the issue of shares	(34,588)	-	-	(34,588)
Share based payments	-	57,766	-	57,766
Balance as at 30 June 2020	50,060,455	5,400,820	(10,069,604)	45,391,671

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2020

NOTE 1. CORPORATE INFORMATION

Nusantara Resources Limited ('Nusantara') is a company limited by shares incorporated in Australia whose shares commenced public trading on the Australian Securities Exchange on 2 August 2017. The consolidated half-year financial statements of the Group as at and for the half-year ended 30 June 2020 comprises the Company and its subsidiaries, together referred to as the Group.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2019 are available upon request from the Company's registered office at Level 1, 9 Havelock Street, West Perth WA 6005 or at www.nusantararesources.com.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2020 have been prepared in accordance with requirement of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019.

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

a. Accounting Policies

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

b. Going concern basis of accounting

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

As at 30 June 2020, the Group reported cash and cash equivalents of \$18,201,299 and the Group's current assets exceeded current liabilities by \$1,714,234 (31 December 2019: \$6,298,566). For the half-year ended 30 June 2020 the Group incurred a loss of \$921,992 (30 June 2019: \$817,871) and experienced net cash outflows from operating and investing activities of \$6,929,714 (30 June 2019: \$2,984,201 net cash outflow).

The Group continues to focus on exploration, evaluation and development activities at the Project and is currently without an operating cash inflow. The Group may need to raise additional capital to advance the Project and its ongoing working capital requirements. The COVID-19 pandemic announced by the World Health Organisation in March 2020 is having a negative impact on world stock markets, currencies and business activity. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially a post balance impact on being able to raise capital in an uncertain market.

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

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 investment in the Group, the Directors believe the Company, given the quality of the Project, can raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

Furthermore, as set out in Note 9: Subsequent Events, the Joint venture partner Indika provided an advance of the Tranche 1 USD15M investment into Masmino, refer to note 2, the subsidiary that owns the Project. In accordance with the agreements approved by Nusantara shareholders on 29 April 2020, this advance will be converted into a 25% equity interest in Masmino post 30 June 2020, when the Indonesian regulatory approval was received.

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

NOTE 1. CORPORATE INFORMATION (Continued)

c. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS

Cash at bank - Company
Cash at bank - Subsidiary

June 2020 USD	December 2019 USD
2,134,312	6,373,444
16,066,987	183,587
18,201,299	6,557,031

Cash and cash equivalents held by subsidiary PT Masmino Dwi Area includes \$15M advanced from joint venture partner Indika's Tranche 1 investment into the Project which is restricted to payments for costs incurred to advance the development of the Project.

NOTE 3: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Costs carried forward in respect of areas of interest in:

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

Reconciliations

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

June 2020 USD	December 2019 USD
43,487,468	36,986,515
36,986,515	32,936,707
6,500,953	4,049,808
43,487,468	36,986,515

The Group capitalises expenditure relating to exploration, evaluation and development where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The directors have reviewed the carrying value of capitalised exploration, evaluation and development costs at 30 June 2020 and are satisfied there is no impairment at the reporting date.

NOTE 4: ADVANCE ON SUBSIDIARY MINORITY EQUITY

Advance on subsidiary minority equity

June 2020 USD	December 2019 USD
15,000,010	-

Balance advanced from joint venture partner Indika's Tranche 1 investment into the Project is to be converted to equity subject to receiving final regulatory approval, which was secured in August 2020.

NOTE 5: ISSUED CAPITAL

At the end of the reporting period

a. Movements in ordinary share capital

At the beginning of the reporting period

Shares issued during the period

At the end of the reporting period

June 2020 Number	December 2019 Number
Shares	Shares
190,159,752	153,804,835
12,366,151	36,354,917
202,525,903	190,159,752

b. Movements in ordinary share capital

Balance at beginning of the reporting period

Shares issued during the period

Costs associated with shares issued during the period

At the end of the reporting period

June 2020 USD	December 2019 USD
47,360,131	40,155,584
2,734,912	7,462,323
(34,589)	(257,766)
50,060,454	47,360,131

NOTE 6: LOSS PER SHARE

a. Reconciliation of loss

Loss for the year

Loss used in the calculation of basic and dilutive EPS

June 2020 USD	June 2019 USD
(921,992)	(817,871)
(921,992)	(817,871)

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

Weighted average number of dilutive options outstanding

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

Number	Number
168,656,304	165,923,461
47,070,784	43,685,315
47,070,784	43,685,315

d. Loss per share

June 2020 Cents	June 2019 Cents
(0.55)	(0.49)

NOTE 7: SEGMENT INFORMATION

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

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

NOTE 8: CONTINGENCIES & COMMITMENTS

- (a) In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa Pty Ltd and PT Masmino Dwi Area via acquisition of all shares in Vista Gold (Barbados) Inc. In accordance with the terms of the agreement, as consideration for the transaction, the Company agreed to grant Vista Gold Corporation a royalty of 2.0% of Net Smelter Returns on the first 1,250,000 ounces of gold produced from the Awak Mas Gold Project and 2.5% on the next 1,250,000 ounces of gold produced. In November 2019, by paying consideration of USD100,000 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 USD2.4M; and may cancel the remaining 50% of the Royalty by giving notice prior to 30 April 2021 and paying USD2.5M. The option to cancel the first 50% of the Royalty was exercised and the associated payment made during the reporting period.
- (b) In order to maintain current rights of tenure to tenements the Group is required to advance the Awak Mas Gold Project through to operation and production. The Awak Mas Gold Project is currently in the Operations and Production Period under its Contract of Work (CoW) with the Government of Indonesia and the Group is required to pay Dead Rent of \$57,560 annually (\$4.00 per hectare on 14,390 hectares of the CoW area) and Building Tax of approximately \$7,500 annually.
- (c) During the period the Company executed a USD11.45M Front End Engineering and Design contract (FEED) with Petrosea. The arrangement included a Deferred Payment Arrangement for up to USD15M, whereby the Company is not required to pay Petrosea for the FEED services until the earlier of: early termination of the FEED contract; Masmino securing third party finance for the Project development; or 23 June 2021. The Company has established a Share Pledge as security for this deferred payment arrangement. The pledge is for certain shares held by Nusantara wholly owned subsidiary Salu Siwa Pty Ltd in Masmino. At 30 June 2020 the deferred payment arrangement balance was USD1,583,536 in current liabilities on the Balance Sheet.
- (d) Joint venture partner Indika provided an advance of the Tranche 1 USD15M investment into Masmino, the subsidiary that owns the Project. In accordance with the agreements approved by Nusantara shareholders on 29 April 2020, this advance will be converted into a 25% equity interest in Masmino once Indonesian regulatory approval is received. Masmino received the final regulatory approval in August 2020. The Agreements provide for Indika to invest a further USD25M to secure a further 15% interest in Masmino. This investment is conditional amongst other matters, on the Company investing a further USD1.5M into the subsidiary that owns the Project, the Company extinguishing the third-party royalty.

NOTE 9: SUBSEQUENT EVENTS

On 10th July 2020, Mr Boyke Abidin resigned as a director of the Company, and Mr Kamen Palatov, previously an alternate director to Mr Richard Ness, was appointed as a director.

Since the reporting date, 10,053,393 options were exercised before expiry, resulting in the issuance of 10,053,393 shares raising A\$3,016,018

In addition, in August 2020 the Company received the final regulatory approval for the Indika Tranche 1 investment and issued securities from the Project Company to facilitate Indika's 25% ownership. At the same time in accordance with the agreements approved by Shareholders at the 29 April 2020 General Meeting the Company issued:

- 10M options to Indika subsidiary exercisable at A\$0.61 each and expiring 1 December 2022 vesting upon entry into the Stage 2 USD25M investment into the Awak Mas Gold Project entity;
- 3M options to PT Petrosea Tbk (Petrosea) exercisable at A\$0.45 each, vesting on the decision to mine Awak Mas Gold Project and expiring in 1 July 2022; and
- 7M options to Petrosea exercisable at A\$0.45 each, vesting on entry into the EPC Contract and commercial production of the Awak Mas Gold Project mine, within 110% of original contracted price, and expiring in 1 July 2024.

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

NOTE 10: KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 31 December 2019.

During the period the Chief Executive Officer was appointed Managing Director, and the Services Contract with the Chairman for his contribution as Interim Chief Executive Officer ceased with the Chairman reverting to his Non-Executive Chairman role on the original terms of that engagement.

On 9 December 2019, the Company announced signing of a non-binding and conditional term sheet (Term Sheet) with strategic partner Indika regarding, amongst other matters, an investment by Indika Group in Nusantara's Indonesian subsidiary (Project Company) of up to USD40M for up to 40% of the Project Company in two stages (Indika Investment). The Term Sheet included a proposal for Nusantara and Indika joint venturing the Project and provided a pathway for project funding and development. 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 Petrosea. The first stage USD15M investment by Indika Group, to earn a 25% Project interest, is complete having received its final regulatory approval in August 2020. The second stage USD25M investment, to earn a further 15% Project interest remains conditional on milestones as set out in the Term Sheet including Nusantara investing a further USD4M towards the Project. The Term Sheet also provided for USD40M in deferred payment arrangements with Petrosea, through Front End Engineering Design (FEED) and a future Engineering Procurement Contract (EPC). As announced 24 March 2020 the Company entered a USD11.45M FEED contract with Petrosea that included up to USD15M of the deferred payment arrangement.

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

NOTE 11: CRITICAL ACCOUNTING ESTIMATES – COVID-19

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

NUSANTARA RESOURCES LIMITED

ACN 150 791 290

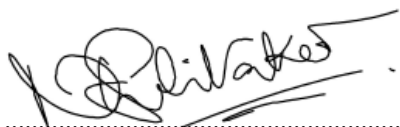
DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 14 of the Company and subsidiaries are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group at 30 June 2020 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....
Neil Whitaker
Managing Director

Date: 2 September 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nusantara Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nusantara Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', written over a small, stylized 'BDO' logo.

Neil Smith
Director

Perth, 2 September 2020