

## **ENGAGEMENT STRATEGY WITH PROJECT PARTNER INITIATED**

Nusantara Resources Limited ("Nusantara", ASX: NUS) is pleased to announce that it has commenced a process to engage with a strategic partner for the planned development of the Awak Mas Gold Project. The intent of this process is to introduce a reputable Indonesian national group to become a joint venture partner in the Awak Mas Gold Project. Initial dialogue with several groups to date has been very encouraging.

By way of background, the 100%-owned Awak Mas Gold Project is owned through Nusantara's local 100%-owned subsidiary PT Masmindo, and is held under a 7th generation Contract of Work (CoW) covering 14,390 hectares. The CoW was entered into in 1998 with the Government of Indonesia, under the previous regime of mining tenure for foreign companies operating in Indonesia.

As reported in the September 2017 Quarterly Activities Report, PT Masmindo, along with a number of other CoW holders, has been negotiating with the Government of Indonesia in good faith regarding several proposed amendments to more closely align existing CoW's with current Indonesian mining law introduced many years after the CoW was signed.

The most significant request outstanding for Nusantara and all other foreign CoW holders surrounds the requirement for a staged divestment to Indonesian interests commencing no later than 6 years following commercial production. The divestment pricing mechanism under current Indonesian mining law is unclear. No specific divestment requirements currently apply to the Awak Mas CoW.

To date, Nusantara has been unable to reach agreement on a proposed amendment to the CoW terms in this regard and is continuing to hold discussions with the relevant Government authorities. It should be noted that under current Indonesian mining law for all mining permits, no further divestment would be required to the extent that an Indonesian investor already owns the specified interest in a mining project. Therefore, introducing an Indonesia partner will not only share project risk and assist with the Awak Mas project funding requirements, but also align the CoW ownership with current Indonesian mining law.

The timetable for introduction of an Indonesian partner is anticipated to coincide with the project financing requirements, currently targeted for mid-2018.

## About Nusantara Resources

Nusantara is an ASX-listed gold development company with its flagship project comprising the 1.74 million ounce Awak Mas Gold Project located in Sulawesi, Indonesia. Discovered in 1988, the Project has had some 124km of drilling completed in over 1,000 holes. The Project is currently 100%-owned through a 7th Generation Contract of Work (CoW) with the Indonesian Government.

Nusantara's development strategy is for construction of a large-scale, low strip ratio open pit operation with ore to be processed by conventional whole-of-ore cyanide leaching. Environmental approval has already been received for the Project, which is favourably located in non-forestry land close to established roads, ports and grid power, enabling the Project to quickly advance towards development upon completion of the DFS by mid-2018.

Nusantara's second strategy is to grow the resource base and sustain a mining operation beyond the initial targeted life of 10 years. Multiple drill-ready targets have already been outlined extending from the three main deposits and in other areas of the 140km<sup>2</sup> CoW.

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