

Nusantara Resources Limited

(formerly Awak Mas Holdings Pty Ltd)

and its controlled entities

ACN 150 791 290

**General Purpose Financial Report
Year ended 31 December 2015**

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, being Nusantara Resources Limited (the Company) and its controlled entities (the Group), for the financial year ended 31 December 2015.

Directors

The following persons held the office of director during the year ended 31 December 2015 and to the date of this report:

Mr Adrian Rollke (resigned 10 April 2017)	Director
Mr Robert Thomson (resigned 23 February 2017)	Director
Mr Craig Smyth (appointed 24 February 2017, resigned 8 May 2017)	Director
Mr Robert Hogarth (appointed 17 February 2017)	Director
Mr Martin Pyle (appointed 3 February 2017)	Director
Mr Michael Spreadborough (appointed 16 February 2017)	Director
Mr Boyke Abidin (appointed 11 April 2017)	Director

Directors have been in office since the start of the financial year unless otherwise stated in this report.

Company Secretary

Mr Craig Smyth was appointed company secretary on 7 January 2015, with Mr Ross Pearson resigning as company secretary on 13 January 2015.

Ultimate Parent Company

The Company is a 100 percent owned subsidiary of its ultimate parent company, One Asia Resources Limited (One Asia).

Principal Activities and Significant Changes in the Nature of Activities

The principal activity of the Group during the financial year was as a gold explorer focusing on evaluating the Awak Mas Gold project in Sulawesi, Indonesia.

Operating Results

The consolidated loss of the Group was \$661,120 after providing for income tax (2014: loss of \$725,588).

During the year the Group continued its ongoing exploration and evaluation work on the Awak Mas project.

During the year the Group released the results of the Awak Mas Project Pre-Feasibility Study ("PFS"), updating previous feasibility studies by incorporating the Salu Bulu higher grade satellite deposit and the Tarra Main satellite deposit.

In 2016 the Group released the results of an updated PFS for the Awak Mas Project benefiting from lower fuel prices and generally declining industry costs. Using a gold price assumption of US\$1,250/oz the PFS demonstrated that a commercial scale gold project can be developed at Awak Mas and the results warrant the completion of a Definitive Feasibility Study (DFS). The ultimate parent entity of the Company, One Asia, is actively exploring and evaluating strategic options for Awak Mas. This includes assessing the most appropriate way to fund and manage a DFS and the best pathway to project funding if the DFS confirms the results of earlier work, with One Asia investigating listing Awak Mas.

The Awak Mas project is owned 100% under a Contract of Work. The Group continues to have dialogue with the Government of the Republic of Indonesia in relation to possible amendments to the Awak Mas Contract of Work, with the Government seeking to align key terms with the provisions of the 2009 Mining Law. To date, the Group and most foreign owned Contract of Work holders have not completed their negotiations with the Government, with key topics for Awak Mas being royalty rates, and levels of local ownership and input.

Financial Position

The net liabilities of the Group have increased by \$661,120 from 31 December 2014 to \$1,715,966 as at 31 December 2015 due to the reported loss for the period. The operations of the Group were funded by way of loans from related body corporates, with these loan liabilities increasing by \$1,356,399 from 31 December 2014 to \$23,718,822. The Group is economically dependent on its ultimate parent entity for continued funding for its operations. The Group is currently making preparations for listing, which if successful, would make the Group self sufficient from a funding perspective.

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.

DIRECTORS' REPORT (Continued)

Dividends Paid or Recommended

No dividends were paid or declared during the year by the Group and the Directors do not recommend paying a final dividend for the year ended 31 December 2015.

Events Subsequent To Balance Date

On 7 February 2017 the Company approved the change to become a public company and change of name from Awak Mas Holdings Pty Limited to Nusantara Resources Limited. In addition, the Company adopted a new constitution consistent with an ASX listed company and appointed new directors and executives as plans for listing the company progress. The contracts for the incoming executives include the issue of options of shares in the Company, however at the date of this report no options have been issued.

On 9 May 2017 One Asia announced a new geological model and Mineral Resource Estimate reported in accordance with the JORC Code (2012) guidelines for the Awak Mas Gold Project. The total Indicated and Inferred Resource is reported at 38.4 Mt at 1.41 g/t Au for 1.74 Moz.

Other than the matter above, 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 will continue to focus on exploration, evaluation and development activities at Awak Mas.

Environmental Regulations

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.

Information on Directors

Adrian Rollke Qualifications and experience	Director (Resigned 10 April 2017) Adrian Rollke is a co-founder and acting Managing Director of the Company's ultimate parent entity, One Asia. Adrian started his career in 1992 as an accountant for two resources companies listed on the Toronto Stock Exchange. In 1996 he became Corporate Secretary for Atlanta Gold Corporation, a TSE listed company. Adrian was instrumental in the organisation and development of Pencari Mining Corporation (formerly Azure Resources Corporation). He founded and brought the company public on the TSX Venture Exchange in 2003 and raised over CAD\$13 million. Adrian holds a BA in Economics from the University of Western Ontario.
Robert Thomson Qualifications and experience	Director (Resigned 23 February 2017) Rob Thomson is a Non-Executive Director of One Asia. Rob has over 30 years of experience covering exploration, bankable feasibility studies, construction operations and company/project financing. Rob was formerly the General Manager Development for Kingsgate's Chatree Mine in Thailand and Project Director of Oxiana's Sepon Gold Mine in Laos. Rob was CEO of Philippine focussed Climax Mining Limited from 2003 to 2006 which merged, including the Didipio Project, into Oceana Gold and CEO/Director of Vietnam focussed Asian Mineral Resources Limited from 2006 to 2008. Rob was Executive Director of Finders Resources Limited responsible for the Wetar Copper Cathode Development in Indonesia. Rob holds a BE (Mining) from the University of Queensland, an MBA from the University of Wollongong, and is a fellow of the AusIMM.

DIRECTORS' REPORT (Continued)

Craig Smyth	Director (Appointed 24 February 2017, resigned 8 May 2017)
Qualifications and experience	<p>Craig Smyth has a background in finance, graduating from the Victoria University of Wellington with a Bachelor of Commerce and Administration, and completed his Master of Applied Finance at the University of Melbourne. Craig's financial background includes Coopers Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia.</p> <p>Craig is Chief Executive Officer of Lion Selection Group Limited and an Executive Director of Lion Manager Pty Ltd.</p>
Rob Hogarth	Director (Appointed 17 February 2017)
Qualifications and experience	<p>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 director of a range of companies, including AMC Consultants, and sits on a number of audit committees.</p> <p>Rob is also a non-executive director of the Environment Protection Authority of Victoria, Federation Training and PR Exploration Pty Ltd.</p> <p>Rob holds a Bachelor of Economics (Accounting and Business Law) and is a Fellow, Institute of Chartered Accountants in Australia.</p>
Martin Pyle	Director (Appointed 3 February 2017)
Qualifications and experience	<p>Martin Pyle is a geologist and a mining industry specialist with over 30 years' experience in the finance and resources industry in Australia. Having worked across a diverse range of commodities and been involved in various ASX listed companies, he has particular expertise in geology, exploration, resource and reserve estimation and feasibility study analysis. He currently serves as Managing Director of Aurora Minerals Limited and is non-executive Director of Gold Road Resources Limited and Peninsula Mines Limited.</p> <p>Martin was previously in senior corporate finance roles with prominent Australian stock broking firms where he was responsible for the generation and execution of resources related equity raisings, mergers and acquisitions, corporate advisory and research, as well as resource analysis.</p> <p>Martin holds a Bachelor of Science (First Class Honours - Geology) and a MBA.</p>
Michael Spreadborough	Director (Appointed 16 February 2017)
Qualifications and experience	<p>Mike Spreadborough is a mining engineer with extensive experience in the development and operation of mineral resources projects spanning a range of commodities including copper, gold, uranium, lead, zinc and iron ore. Over the past 20 years Mike has held senior executive roles with a number of mining companies including Chief Operating Officer of Sandfire Resources and Inova Resources Ltd (formerly Ivanhoe Australia), General Manager, Coastal Operations for Rio Tinto and General Manager, Mining for WMC and later Vice President, Mining for BHP Billiton at the world-class Olympic Dam mine in South Australia.</p> <p>Mike holds a Bachelor of Mining Engineering from the University of Queensland and an MBA from Deakin University, as well as a WA First Class Mine Manager's Certificate of Competency. He is also a non-executive director of Clean TeQ Holdings Limited.</p>

DIRECTORS' REPORT (Continued)

Boyke Abidin	Director (Appointed 11 April 2017)
Qualifications and experience	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 PT Masmindo DWI Area since 2000. He is also a director of PT Pani Bersama Emas, PT Dwinad Nusa Sejahtera and PT Sorikmas Mining.
Craig Smyth	Company Secretary

Meetings of the Board

The Board of Directors held one meeting during the year ended 31 December 2015. Attendances of Directors at this meeting is shown in the table below:

	Meetings Attended	Number eligible to attend
Mr Adrian Rollke	1	1
Mr Robert Thomson	1	1

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.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify the auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Options

At the reporting date of this report, there are no unissued ordinary shares of the Company under option.

Non – audit services

The Board of Directors is satisfied that the provision of non-audit services 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 prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does 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.

There were no fees payable to Ernst and Young for non-audit services provided during the year ended 31 December 2015.

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 2015 is set out on page 6 and forms part of this report.

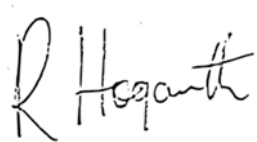
DIRECTORS' REPORT (Continued)

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.

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

Mr Rob Hogarth
DIRECTOR

A handwritten signature in black ink, appearing to read 'R Hogarth', is written over a faint, light blue grid background.

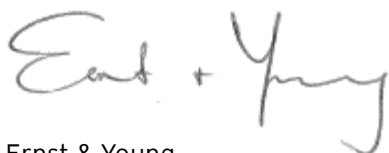
25 May 2017
MELBOURNE

Auditor's Independence Declaration to the Directors of Nusantara Resources Limited

As lead auditor for the audit of Nusantara Resources Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) 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 financial year.



Ernst & Young



Scott Jarrett
Partner
25 May 2017

NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$US	2014 \$US
Expenses			
Employee and directors benefits expense		(398,533)	(361,549)
Depreciation and amortization		(88,188)	(94,562)
Community and Social		(5,595)	(13,976)
Other expenses		(168,804)	(255,501)
Loss before income tax		(661,120)	(725,588)
Income tax expense	2	-	-
Loss for the year		(661,120)	(725,588)
Other comprehensive income		-	-
Total Comprehensive Loss for the year attributable to owners of the parent		(661,120)	(725,588)

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

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 \$US	2014 \$US
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	57,185	31,955
Other receivables	6	251,014	212,470
TOTAL CURRENT ASSETS		308,199	244,425
NON-CURRENT ASSETS			
Property, plant and equipment	9	65,126	83,534
Exploration and evaluation expenditure	10	22,526,769	21,987,522
Other assets	11	144,108	213,888
TOTAL NON-CURRENT ASSETS		22,736,003	22,284,944
TOTAL ASSETS		23,044,202	22,529,369
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	206,305	386,918
Provisions	13	835,041	834,874
Loans from related body corporate	14	23,718,822	22,362,423
TOTAL CURRENT LIABILITIES		24,760,168	23,584,215
TOTAL LIABILITIES		24,760,168	23,584,215
NET ASSETS		(1,715,966)	(1,054,846)
EQUITY			
Issued capital	15	1	1
Accumulated losses		(1,715,967)	(1,054,847)
TOTAL EQUITY		(1,715,966)	(1,054,846)

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

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated Losses	Total
	\$US	\$US	\$US
At 1 January 2014	1	(329,259)	(329,258)
Loss for the period attributable to members of the Company	-	(725,588)	(725,588)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(725,588)	(725,588)
Shares issued during the period	-	-	-
Balance as at 31 December 2014	1	(1,054,847)	(1,054,846)

	Issued Capital	Accumulated Losses	Total
	\$US	\$US	\$US
At 1 January 2015	1	(1,054,847)	(1,054,846)
Loss for the period attributable to members of the Company	-	(661,120)	(661,120)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(661,120)	(661,120)
Shares issued during the period	-	-	-
Balance as at 31 December 2015	1	(1,715,967)	(1,715,966)

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

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$US	2014 \$US
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(792,046)	(738,363)
Net cash used in operating activities	17	(792,046)	(738,363)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(36,638)
Payments for exploration expenditure		(539,123)	(1,956,439)
Net cash used in investing activities		(539,123)	(1,993,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds from related body corporate		1,356,399	2,688,000
Net cash provided by financing activities		1,356,399	2,688,000
Net (decrease) /increase in cash held		25,230	(43,440)
Cash and cash equivalents at beginning of the year		31,955	75,395
Cash and cash equivalents at end of the year	5	57,185	31,955

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report includes the consolidated financial statements and notes of Nusantara Resources Limited and controlled entities for the year ended 31 December 2015 ("Consolidated Group" or "Group") and financial information relating to Nusantara Resources Limited as an individual parent entity ("Parent Entity" or "Company") for the year ended 31 December 2015.

The presentation currency for the Group is US dollars.

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, 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. 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 has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors on 25 May 2017.

a. Going concern basis of accounting

The Group has made losses for the year of \$661,120 (2014: \$725,588) and experienced net cash outflows from operating activities of \$792,046 (2014: \$738,363). Net current liabilities as at 31 December 2015 were \$24,451,969 (2014: \$22,339,790), with a net liability position of \$1,715,966 (2014: \$1,054,846). The Group continues to focus on exploration, evaluation and development activities at Awak Mas and is currently without an operating cash inflow. The operations of the Group will continue to rely upon funding from its ultimate parent company, One Asia Resources Limited until the Group either successfully raises funds and lists or has an operating cashflow. One Asia itself is dependent on further equity raisings to fund the Group and One Asia's other activities. There is material uncertainty in relation to going concern as the Group will need to raise additional capital to advance the Awak Mas project, meet its payment obligations and its ongoing working capital requirements. While no assurances can be given about future ability to finance the Group's activities, One Asia has a proven past ability to raise funds and invest in the Group, the directors believe the Company, given the quality of the Awak Mas project, can raise future funds to pursue its business strategy and meet its obligations as and when they fall due. 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 2015. 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.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 8 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is 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 Consolidated 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.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements 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 are:

- 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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Exploration and Development Expenditure

Exploration, evaluation and development 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 areas of interest held.

Farm-in arrangements

The acquisition of working interests are accounted for according to the substance of the asset acquired. Where the interests are in the nature of a business, the acquisition will be treated as a business combination otherwise the interests will be treated as an asset acquisition.

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets. The useful life for each class of intangible assets are:

- Software: 4 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

h. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial assets are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Financial liabilities are recognised initially at fair value, and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.) If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

j. 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. The parent entity's functional currency is United States dollars and its presentation currency is 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. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. 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
- retained earnings are 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.

k. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance 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.

l. 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.

m. 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Revenue and 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. All revenue is stated net of the amount of goods and services tax (GST).

o. 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.

p. 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 cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

q. Fair value measurement

Where required, the Group measures financial instruments and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. 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 policy during the year. In addition, the adoption of new accounting standards had no impact on the Group.

s. 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. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

t. New Accounting Standards for Application in Future Periods

PART A - Changes in accounting policy, new and amended standards and interpretations

As this is the first general purpose financial report is prepared by the Group, the Group is compliant with AASB 1 *First-time Adoption of Australian Accounting Standards*. The carrying values are consistent with those which consolidate into the Parent entity general purpose financial statements.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

PART B – Accounting standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2015.

Reference	Discussion	Application date of standard*	Application date for Group*
AASB 9 <i>Financial Instruments</i>	<p>AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.</p> <p>AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.</p> <p>There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.</p> <p>The new hedging rules align hedge accounting more closely with risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.</p>	1 January 2018	1 January 2018
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 January 2016
Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(a) Full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</p> <p>(b) Partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	1 January 2018	1 January 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Discussion	Application date of standard*	Application date for Group*
Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (AASB 1 & AASB 11)	<p>AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</p>	1 January 2016	1 January 2016
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer</p> <p>(b) Step 2: Identify the performance obligations in the contract</p> <p>(c) Step 3: Determine the transaction price</p> <p>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</p> <p>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p>	1 January 2018	1 January 2018
AASB 16 Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. <p>Lessor accounting</p> <ul style="list-style-type: none"> AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. 	1 January 2019	1 January 2019

* Designates the beginning of the applicable annual reporting period unless otherwise stated

The management have not assessed the impact of the above changes on the Group yet.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 2: INCOME TAX EXPENSE

	2015 \$	2014 \$
a). The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before tax	(661,120)	(725,588)
Total income tax benefit calculated at 30% (2014: 30%)	(198,336)	(217,676)
Tax effect of:		
– Foreign tax rate adjustment	32,306	36,279
– (Decrease)/Increase in provisions	4,500	-
	(161,530)	(181,397)
Deferred tax asset not brought to account	161,530	181,397
Income Tax Expense	-	-
Deferred tax asset not taken to account		
Tax losses carried forward (Indonesia)	161,530	181,397

The Company is a member of an Australian consolidated tax group, with tax losses transferred to the Company's ultimate parent entity and head entity of the consolidate tax group. Accordingly these losses are not available to the Group, and deferred tax assets have not been recognised in respect of these losses. Deductible temporary differences do not expire under Australian current 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.

The Group has available tax losses of \$3,829,220 (2014 \$3,297,194). These tax losses have been carried forward in Indonesia, and have not been recognised due to the uncertainty of their recoverability in future periods. Indonesian tax losses can be carried forward for 8 years under the Awak Mas Contract of Work.

NOTE 3: INTERESTS OF KEY MANAGEMENT PERSONNEL

	2015 \$	2014 \$
a) Compensation for Key Management Personnel		
Short term employee benefits	72,000	59,871
Total compensation	72,000	59,871
b) Other Key Management Personnel Transactions		
There have been no other KMP transactions involving equity instruments. For details of other transactions with KMP refer to Note 19 Related Party Transactions.		

NOTE 4: AUDITORS' REMUNERATION

	2015 \$	2014 \$
Ernst & Young Australia - audit services	15,000	-
	15,000	-

NOTE 5: CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank	57,185	31,955
	57,185	31,955

NOTE 6: OTHER RECEIVABLES

	2015 \$	2014 \$
CURRENT		
Prepayments	225,425	191,275
Other receivables	25,589	21,195
	251,014	212,470

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

**NOTE 7: INFORMATION RELATING TO NUSANTARA RESOURCES LTD
(THE PARENT ENTITY)**

	2015 \$	2014 \$
Current assets	-	-
Total assets	20,078,204	18,662,424
Current liabilities	20,093,203	18,662,423
Total Liabilities	20,093,203	18,662,423
Issued capital	1	1
Reserves	-	-
Accumulated losses	(15,000)	-
Net equity	(14,999)	1
Profit or (loss) of the parent entity	(15,000)	-
Total comprehensive (loss) of the parent entity	(15,000)	-

NOTE 8. 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	
		2015 %	2014 %
PT Masmindo Dwi Area	Indonesia	100	100
Salu Siwa Pty Limited	Australia	100	100
Vista Gold Corp Barbados Inc	Barbados	100	100

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT
Plant and equipment**

	2015 \$	2014 \$
At cost	281,189	281,189
Accumulated depreciation	(216,063)	(197,655)
Total plant and equipment	65,126	83,534
Reconciliation of the carrying amounts are set out below:		
Plant and equipment		
Carrying amount at beginning of year	83,534	102,442
Additions	-	4,416
Depreciation	(18,408)	(23,324)
Carrying amount of plant and equipment at end of year	65,126	83,534

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

– exploration and evaluation phases at the end of year

Reconciliations

	2015 \$	2014 \$
Carrying amount at the beginning of year	21,987,522	19,949,041
Expenditure incurred during current year	539,247	2,038,481
Carrying amount at the end of year	22,526,769	21,987,522

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 11: OTHER ASSETS

Intangible asset – computer software

At cost

Accumulated amortization

Total intangible asset

Reconciliation of the carrying amounts are set out below:

Intangible asset

Carrying amount at beginning of year

Additions

Amortisation

Carrying amount of intangible asset at end of year

2015 \$	2014 \$
285,126	285,126
(141,018)	(71,238)
144,108	213,888
213,888	252,904
-	32,222
(69,780)	(71,238)
144,108	213,888

NOTE 12: TRADE AND OTHER PAYABLES

Trade payables

Other payables and accrued expenses

2015 \$	2014 \$
9,283	150,012
197,022	236,906
206,305	386,918

NOTE 13: PROVISIONS

Provisions

2015 \$	2014 \$
835,041	834,874

The provision recognised reflects the exposure to additional VAT, withholding tax and penalties estimated at the date of this report.

NOTE 14: LOANS FROM RELATED BODY CORPORATE

Loan from ultimate parent entity

Loan from Pan Asia Resources Limited

Loan from other related body corporate

2015 \$	2014 \$
18,479,003	17,063,223
5,236,055	5,299,200
3,764	-
23,718,822	22,362,423

Refer to Note 19 for the terms and conditions of the loans.

NOTE 15: CONTRIBUTED EQUITY

1 (2014: 1) fully paid ordinary shares. The shares have no par value.

a. Movements in ordinary share capital

At the beginning of the reporting period

Shares issued during the year

At the end of the reporting period

2015 \$	2014 \$
1	1
Shares	Shares
1	1
-	-
1	1

b. Movements in ordinary share capital

Balance at beginning of the reporting period

Shares issued during the year

At the end of the reporting period

2015 \$	2014 \$
1	1
-	-
1	1

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 16: 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.
- (b) In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. Awak Mas is currently in the Feasibility Stage and the Group is required to pay Dead Rent of US\$0.50 per hectare and Land Tax of US\$0.50 per hectare annually with respect to the Awak Mas CoW, amounting to US\$14,390 per year. Upon approval of the feasibility Study by the Indonesian Government, the Awak Mas will enter the "Construction" phase of the CoW, and the Group will be required to pay Dead Rent of US\$1.50 per hectare and Land Tax of US\$1.50 per hectare annually.
- (c) The Group is subject to VAT and withholding tax audits by the Indonesian tax department and has been issued with a revised assessment with respect to VAT paid in 2012 for approximately \$255,000 including penalties. The Group is in the process of disputing this assessment and is confident that the VAT and penalties are not payable, however this is subject to due process and not beyond doubt. The Group may be subject to tax audits for periods after 2012 from which additional claims could arise, however is confident its position in these periods is defensible.

NOTE 17: NOTES TO THE CASH FLOW STATEMENT

	2015	2014
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash at bank	57,185	31,955
	57,185	31,955
b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(661,120)	(725,588)
Add/(less) non-cash items:		
Depreciation and amortization	88,188	94,562
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:		
(Increase)/Decrease in receivables	(38,544)	(189,102)
Increase/(Decrease) in payables	(180,613)	42,385
Increase/(Decrease) in provisions	43	39,380
Net cash used in operating activities	(792,046)	(738,363)

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

On 7 February 2017 the Company approved the change to become a public company and change of name from Awak Mas Holdings Pty Limited to Nusantara Resources Limited. In addition, the Company adopted a new constitution consistent with an ASX listed company and appointed new directors and executives as plans for listing the company progress. The contracts for the incoming executives include the issue of options of shares in the Company, however at the date of this report no options have been issued.

On 9 May 2017 One Asia announced a new geological model and Mineral Resource Estimate reported in accordance with the JORC Code (2012) guidelines for the Awak Mas Gold Project. The total Indicated and Inferred Resource is reported at 38.4 Mt at 1.41 g/t Au for 1.74 Moz.

Other than the matter above, no matters that have arisen in the interval between the end of the financial year and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, 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.

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

NOTE 19: 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 Resources Limited during the financial year are:

Mr Rob Thomson and Mr Adrian Rollke.

Transactions with related parties:

No Directors entered into a material contract with the Company or the Consolidated Group since the end of the previous financial year.

Directors' and Executive Officer's holdings of shares and options

There were no shares or options held by Directors in the Company or Consolidated Group during the year.

Transactions with Parent Entity

During the year the Group's loan liability to its ultimate parent entity increased by \$1,415,780 from 31 December 2014 to \$18,479,003. The Group is economically dependent on its ultimate parent entity for continued funding for its operations. The loan is non-interest bearing and has no fixed term.

Transactions with other related parties

During the year the Group's loan liabilities to related bodies corporate other than its ultimate parent entity decreased by \$59,381 from 31 December 2014 to \$5,239,819. These loans are non-interest bearing and have no fixed term.

NOTE 19: COMPANY DETAILS

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

Level 2
175 Flinders Lane
Melbourne
Victoria 3000 Australia

**NUSANTARA RESOURCES LIMITED
AND CONTROLLED ENTITIES**

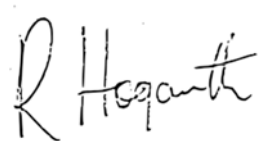
DIRECTOR'S DECLARATION

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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (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

A handwritten signature in black ink, appearing to read 'R Hogarth', is written over a faint horizontal line.

Director

Mr Robert Hogarth

Dated 25 May 2017

Independent auditor's report to the members of Nusantara Resources Limited

Report on the financial report

We have audited the accompanying financial report of Nusantara Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

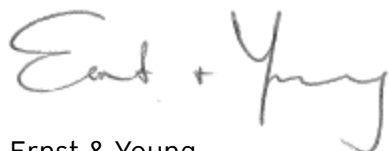
Opinion

In our opinion:

- a. the financial report of Nusantara Resources Limited is 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 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter on Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. 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.



Ernst & Young



Scott Jarrett
Partner
Sydney
25 May 2017

CORPORATE DIRECTORY

Registered Office

Level 2, 175 Flinders Lane
Melbourne VIC 3000
Australia

Telephone: +61 3 9620 0718

Facsimile: +61 3 9614 8009

Auditors

Ernst & Young
200 George Street
Sydney NSW 2000