

INDONESIAN CoW AMENDMENTS SIGNED

Awak Mas Long-Term Tenure and Ownership Secured

- **Divestment not required before the 10th year of commercial production.**
- **Awak Mas Gold Project tenure confirmed until 2050.**
- **Agreement concludes a period of negotiation and uncertainty.**

Nusantara Resources Limited ('Nusantara', ASX: NUS) is pleased to announce that it has reached agreement with the Government of Indonesia (GoI) on several amendments to the Awak Mas Gold Project Contract of Work (CoW).

The Awak Mas Gold Project is held under a 7th generation CoW signed with the GoI in 1998. The CoW covers an area of 14,390 hectares and is held by Nusantara's 100% owned local subsidiary company, PT Masmindo Dwi Area (PT Masmindo). In 2009, the GoI introduced a new mining law that required existing CoWs to be adjusted consistent with the provisions of the 2009 Mining Law.

The signed CoW amendment reaffirms PT Masmindo as the legal holder of the CoW with the sole rights to explore and exploit any mineral deposits within the CoW area until 2050. After this period, the operations under the CoW may be extended in the form of a special mining business licence (IUPK) in accordance with prevailing laws and regulations, which currently allows for an extension of 10 years and a further extension of 10 years.

The agreed amendments to the PT Masmindo CoW include:

- adopting the prevailing rates for taxes and royalties featuring:
 - a corporate tax rate of 25%; and
 - a gold royalty rate currently levied at 3.75%; and
- the divestment of at least a 51% share in the CoW to Indonesian participants at fair market value according to internationally accepted practice by the 10th year of commercial production. Based on the current mine development schedule, divestment is not anticipated to be required before 2030, although Nusantara may elect to sell any percentage interest prior to this time.

"This agreement provides certainty of tenure, investment stability for the development of the Awak Mas Gold Project and compliance with the prevailing law. This is a 'win-win' outcome for both parties as it removes any perceived uncertainty surrounding a staged divestment process and provides Nusantara with a clear path forward to continue its discussions with project financiers, including a previously announced engagement process with potential Indonesian strategic partners.", commented Nusantara's Managing Director and CEO, Mike Spreadborough. "We would like to thank the Indonesian Government for its co-operation and good faith during the negotiation process."

CoW History

PT Masmino entered into a CoW with the GoI in 1998. For foreign companies the CoW system typically provided the legal basis for exploration, mining and operating activities in Indonesia from the late 1960s. In 2009, the GoI promulgated a new Mining Law which introduced a new licensing regime and eliminated the CoW regime. Under the new Mining Law, existing CoWs will continue until their expiry but are required to be adjusted to the new Mining Law. Considerable uncertainty has prevailed for CoW owners since that time, as the GoI has sought to harmonise existing CoWs with the Mining Law.

The CoW amendment, signed on 14 March 2018, successfully concludes the negotiations between PT Masmino and the GoI, providing certainty to both parties.

Legal Ownership and Divestment Details

The divestment obligations agreed to with the GoI under the amendment, requires PT Masmino to offer at least 51% of its share capital to willing Indonesian participants in the 10th year, after commercial production, at fair market value according to international practice. The CoW amendment specifically states:

The Company must carry out a divestment of shares to Indonesian participants at least 51% in the tenth year after commercial production. Before such obligation arises, the Company may divest its shares to any national business entity.

The signed CoW amendment also reconfirms that PT Masmino is the legal holder of the CoW:

The Company is hereby appointed as the sole contractor for the Government with respect to the Contract Area. In particular, the Company shall be granted the sole rights to Explore for certain Minerals in the Contract Area, to mine any deposit of minerals found in the Mining Area, to process, refine, store, and transport by any means certain Minerals extracted therefrom, to market, sell or dispose of all the products from the mines inside and outside Indonesia after carrying out a Processing and Refining domestically, and to perform all other operations and activities which may be necessary or convenient in connection therewith, with due observance of the requirements of this Agreement.

About Nusantara Resources

Nusantara is an ASX-listed gold development company with its flagship project comprising the 2.0 million-ounce Awak Mas Gold Project located in Sulawesi, Indonesia. Discovered in 1988, the Project has over 135 km of drilling completed in over 1,100 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 Whole-of-Ore CIL leach. 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 support 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 140km² CoW.

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