



INTERIM FINANCIAL REPORT
Half-Year Ended 30 June 2018

ABN: 69 150 791 290

Corporate Directory

Directors

Greg Foulis	Non-Executive Director
Michael Spreadborough	Managing Director
Boyke Abidin	Executive Director
Robert Hogarth	Non-Executive Director
Robin Widdup	Non-Executive Director

Company Secretary

Derek Humphry

Registered Office and Principal Place of Business

Ground floor, 20 Kings Park Road
West Perth, Western Australia, 6005

Telephone: +61 8460 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 39415 4000
Facsimile: +61 39473 2500

Auditor

Ernst & Young
200 George Street
Sydney, NSW, 2000

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 2018.

Directors

The following persons held the office of director during the half-year ended 30 June 2018 and to the date of this report unless otherwise stated:

Mr Greg Foulis	(appointed 29 March 2018)	Director
Mr Michael Spreadborough		Director
Mr Boyke Abidin		Director
Mr Robert Hogarth		Director
Mr Robin Widdup	(appointed 28 February 2018)	Director
Mr Martin Pyle	(retired 30 May 2018)	Director

Company Secretary

The following persons held the office of company secretary during the half-year ended 30 June 2018 and to the date of this report unless otherwise stated:

Mr Derek Humphry	(appointed 29 March 2018)	Company Secretary
Ms Jane Rose	(resigned 30 May 2018)	Company Secretary

During the period, the Company relocated its Registered Office and Principal Place of Business to 20 Kings Park Road, West Perth, Western Australia, 6005.

Principal Activities and Significant Changes in the Nature of Activities

The principal activity of the Group during the half-year was exploration and evaluation of the Awak Mas Gold Project in Sulawesi, Indonesia.

On 15 March 2018, the Group announced that it had reached agreement with the Government of Indonesia on several amendments to the Awak Mas Contract of Work ('CoW'). The signed amendment reaffirms the Company's wholly owned subsidiary, PT Masmino Dwi Area (Masmino), 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 Masmino CoW provide that in the 10th year after commercial production, Masmino is required to offer at least 51% of its share capital to willing Indonesian participants at fair market value according to international practice. Based on the current mine development schedule, divestment is not anticipated to be required before 2030, although Nusantara is permitted to sell any percentage interest in Masmino prior to this time.

Operating Results

The presentation currency for the Group is US dollars.

The consolidated loss of the Group for the half-year ended 30 June 2018 was \$1,227,846 (for the half-year ended 30 June 2017 the loss was \$404,361).

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 Awak Mas Gold Project. The Group completed a 11,600 m resource drilling program confirming the geological model for the Awak Mas and Salu Bulu deposits. On 8 May 2018, the Company delivered a Mineral Resource update for the Awak Mas Gold Project, which included all of the drill holes completed as part of the resource drilling program.

The Indicated and Inferred Resource estimate at 0.5 g/t Au cut off for the Awak Mas Gold Project, consisting of the Awak Mas, Salu Bulu and Tarra deposits, is restimated at 45.3 Mt at 1.4 g/t Au for 2.0 Moz (Table 1 on page 4 below). Importantly, 94% of the contained ounces within the Awak Mas deposit and 89% of the contained ounces in the Salu Bulu deposit now report to the Indicated Resource category. This represents a 0.2 Moz increase in contained gold in the Indicated Resource category compared to the previous Mineral Resource estimate.

In addition, during the period the Company advanced the Definitive Feasibility Study ('DFS') for the Awak Mas Gold Project. The Company released its maiden Ore Reserve on 18 April 2018 comprising 1.0 Moz gold. The upgrade announced 8 May 2018 to the Mineral Resource estimate will form the basis of the ongoing DFS, signaling potential for an increase in the reported Ore Reserve.

The DFS was advanced during the period with activities including:

- Completion of a process to identify, evaluate and select value improvements for inclusion in the DFS;
- Preparation of mine designs, mining and waste schedules, refinement and preparation of mining cost models as preparation of an update of the 2018 Ore Reserves for Awak Mas and Salu Bulu;
- Definition of plant design associated with completion of an engineering cost estimate is underway;
- Completion of the field work for the TSF and progressing its analysis against the previous design and updating the cost estimated for the TSF; and
- Continue Environmental and Social Impact studies.

The DFS will be completed for release of in September 2018.

Mineral Resources

The JORC Code 2012 Mineral Resource estimates for the Awak Mas Gold Project (announced 8 May 2018) are tabulated below in Table 1 using a 0.5 g/t Au cut-off.

Table 1: Awak Mas Gold Project Mineral Resource Estimates (May 2018) by deposit.

MINERAL RESOURCE ESTIMATE - MAY 2018				
		Tonnes	Au Grade	Contained Gold
	Classification	Mt	g/t	Moz
Awak Mas	Measured	-	-	-
	Indicated	36.4	1.4	1.62
	Inferred	3.1	1.0	0.10
	Sub-total	39.5	1.4	1.72
Salu Bulu	Measured	-	-	-
	Indicated	2.9	1.7	0.16
	Inferred	0.6	1.1	0.02
	Sub-total	3.6	1.6	0.18
Tarra	Measured	-	-	-
	Indicated	-	-	-
	Inferred	2.3	1.3	0.1
	Sub-total	2.3	1.3	0.1
Total	Measured	-	-	-
	Indicated	39.3	1.4	1.78
	Inferred	6.0	1.1	0.22
	Total	45.3	1.4	2.00

1. All Mineral Resources are reported in accordance with the JORC Code (2012).
2. The May 2018 Mineral Resource is reported at a cut-off grade of 0.5 g/t Au and constrained within US\$1,400 per ounce optimised pit shells.
3. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
4. Reference should be made to the release as lodged on the ASX on 8 May 2018 for further supporting information on the Company's Mineral Resources.

Ore Reserve

The JORC Code 2012 Ore Reserves estimates for the Awak Mas Gold Project (announced 18 April 2018) are tabulated below in Table 2.

Table 2: Awak Mas Gold Project Ore Reserve Estimates (April 2018) by deposit.

ORE RESERVE ESTIMATE - APRIL 2018				
		Tonnes	Au Grade	Contained Gold
	Classification	Mt	g/t	Moz
Awak Mas	Proved	-	-	-
	Probable	21.0	1.32	0.89
	Sub-total	21.0	1.32	0.89
Salu Bulo	Proved	-	-	-
	Probable	2.7	1.60	0.14
	Sub-total	2.7	1.60	0.14
Total	Proved	-	-	-
	Probable	23.7	1.35	1.03
	Total	23.7	1.35	1.03

1. All Ore Reserves are reported in accordance with the JORC Code (2012).
2. The April 2018 Mineral Reserve is reported at a cut-off grade of 0.5 g/t Au using a US\$1,250/oz optimised reserve pit shell.
3. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
4. Reference should be made to the release as lodged on the ASX on 18 April 2018 for further supporting information on the Company's Ore Reserves.

Tenure

On 15 March 2018, the Company was pleased to announce that it had reached agreement with the Government of Indonesia on several amendments to the Awak Mas Gold Project CoW.

The Awak Mas Gold Project is held under a 7th generation CoW signed with the Government of Indonesia in 1998. The CoW covers an area of 14,390 hectares and is held by Nusantara's 100% owned local subsidiary company, PT Masmino Dwi Area (PT Masmino). In 2009, the Government of Indonesia 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 Masmino 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 Masmino 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.

Competent Persons Statement

The information in this announcement that relates to the Ore Reserves of Nusantara Resources is summarised from publicly available reports as released to the ASX of the respective companies. The results are duly referenced in the text of this report and the source documents noted above.

Exploration and Resource Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While Nusantara Resources may report additional JORC compliant resources for the Awak Mas Gold Project, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

Exploration Results

The information in this report which relates to Exploration Results is based on, and fairly represents, information compiled by Mr Colin McMillan, (BSc) for Nusantara Resources. Mr McMillan is an employee of Nusantara Resources and is a Member of the Australian Institute of Mining and Metallurgy (AusIMM No: 109791).

Mr McMillan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McMillan consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Mineral Resources

The information in this report that relates to the Mineral Resource Estimation for the Awak Mas Gold Project is based on and fairly represents information compiled by Mr Adrian Shepherd, Senior Geologist, (BSc), MAusIMM CP, for Cube Consulting Pty Ltd. Mr Shepherd is an employee of Cube Consulting Pty Ltd and is a Chartered Professional geologist and a current Member of the Australian Institute of Mining and Metallurgy (AusIMM No: 211818).

Mr Shepherd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Shepherd consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Metallurgy

The information in this report that relates to metallurgy and metallurgical test work and findings for Awak Mas Gold Project is based, and fairly represents information compiled by Mr John Fleay, Manager Metallurgy, FAusIMM, for Minnovo Pty Ltd. Mr Fleay is an employee of Minnovo Pty Ltd and is a current Member of the Australian Institute of Mining and Metallurgy (AusIMM No: 320872). Mr Fleay has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Fleay consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

New Information or Data

Nusantara Resources confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

Subsequent Events

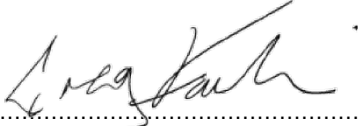
During the period, the Company initiated a fully underwritten Rights Entitlement Issue for A\$5.1 million (before transaction costs), which was completed at period end, with securities issued and cash received in early July 2018. At 30 June 2018, Nusantara had 97,531,763 fully paid ordinary shares, 32,508,392 listed loyalty options and 5,872,318 unlisted options on issue. In early July, following the allotment of securities in relation to the three offers included in the Rights Entitlement issue the Company had 123,197,673 fully paid ordinary shares, 17,784,308 new listed options, 32,508,392 listed loyalty options, and 6,612,318 unlisted options on issue.

Other than the matter above, 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 2018, is set out on the following page.

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



.....
Greg Foulis

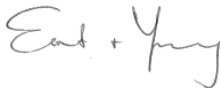
Non-Executive Chairman
2 September 2018

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

As lead auditor for the review of Nusantara Resources Limited for the half-year ended 30 June 2018, 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 review; and
- b) 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 financial period.



Ernst & Young



Scott Jarrett
Partner
31 August 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 30 JUNE 2018**

	Note	Half-Year 30 June 2018 \$US	Half-Year 30 June 2017 \$US
Income			
Interest income		1,013	-
Expenses			
Employee and Directors benefits expense		(316,903)	(173,811)
Share-based remuneration		(180,552)	-
Professional fees and consultants		(330,076)	-
Depreciation and amortisation		(31,827)	(27,919)
Other expenses		(369,501)	(202,631)
Loss before income tax		(1,227,846)	(404,361)
Income tax expense		-	-
Loss for the period		(1,227,846)	(404,361)
Other comprehensive (loss) – foreign currency translation reserve		(178,195)	-
Total Comprehensive Loss for the period		(1,406,041)	(404,361)
Basic loss per share (cents)	4	(1.26)	(40,436,100)
Diluted loss per share (cents)	4	(1.26)	(40,436,100)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2018**

	Note	30 June 2018 \$US	31 December 2017 \$US
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,438,317	7,433,666
Other receivables		245,770	260,928
TOTAL CURRENT ASSETS		1,684,087	7,694,594
NON-CURRENT ASSETS			
Property, plant and equipment		134,789	83,310
Exploration and evaluation expenditure	2	30,931,826	25,922,423
Other assets		16,602	73,421
TOTAL NON-CURRENT ASSETS		31,083,217	26,079,154
TOTAL ASSETS		32,767,304	33,773,748
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,313,174	1,108,186
Provisions		156,944	142,887
TOTAL CURRENT LIABILITIES		1,470,118	1,251,073
TOTAL LIABILITIES		1,470,118	1,251,073
NET ASSETS		31,297,186	32,522,675
EQUITY			
Issued capital	3	31,565,053	31,565,053
Reserves		5,365,527	5,363,170
Accumulated losses		(5,633,394)	(4,405,548)
TOTAL EQUITY		31,297,186	32,522,675

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR
ENDED 30 JUNE 2018**

	Half-Year 30 June 2018 \$US	Half-Year 30 June 2017 \$US
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	1,013	-
Payments to suppliers and employees	(930,187)	(398,933)
Net cash used in operating activities	(929,174)	(398,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,487)	-
Payments for exploration expenditure	(4,861,493)	(448,777)
Net cash used in investing activities	(4,887,980)	(448,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds from related body corporate	-	874,129
Net cash provided by financing activities	-	874,129
Net increase/(decrease) in cash held	(5,817,154)	26,419
Effect of exchange rates	(178,195)	-
Cash and cash equivalents at beginning of the period	7,433,666	106,274
Cash and cash equivalents at end of the period	1,438,317	132,693

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 2018

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Debt Forgiveness Reserve	Accumulated Losses	Total
	\$US	\$US	\$US	\$US	\$US	\$US
At 1 January 2017	1	-	-	-	(2,164,675)	(2,164,674)
Loss for the period attributable to members of the Company	-	-	-	-	(404,361)	(404,361)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(404,361)	(404,361)
Shares issued during the period	-	-	-	-	-	-
Balance as at 30 June 2017	1	-	-	-	(2,569,036)	(2,569,035)

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Debt Forgiveness Reserve	Accumulated Losses	Total
	\$US	\$US	\$US	\$US	\$US	\$US
At 1 January 2018	31,565,053	269,412	(139,454)	5,233,212	(4,405,548)	32,522,675
Loss for the period attributable to members of the Company	-	-	-	-	(1,227,846)	(1,227,846)
Other comprehensive loss	-	-	(178,195)	-	-	(178,195)
Total comprehensive loss	-	-	(178,195)	-	(1,227,846)	(1,406,041)
Share based payments	-	180,552	-	-	-	180,552
Balance as at 30 June 2018	31,565,053	449,964	(317,649)	5,233,212	(5,633,394)	31,297,186

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR 30 JUNE 2018

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 post balance date on 2 August 2017. The consolidated half-year financial statements of the Group as at and for the half-year ended 30 June 2018 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 2017 are available upon request from the Company's registered office at 20 Kings Park Road, 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 2018 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 financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017.

The presentation currency for the Group is US dollars.

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 2018, the Group reported cash and cash equivalents of \$1,438,317 and the Group's current assets exceeded current liabilities by \$213,969 (31 December 2017: deficit of \$6,443,521). For the half-year ended 30 June 2018 the Group incurred a loss of \$1,227,846 (30 June 2017: \$404,361) and experienced net cash outflows from operating and investing activities of \$5,817,154 (30 June 2017: \$26,419 net cash inflow).

Subsequent to 30 June 2018 the Company received funding from its fully underwritten A\$5.1M (before transaction costs) Entitlement Offer.

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

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 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

– exploration and evaluation 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 2018 \$	December 2017 \$
30,931,826	25,922,423
25,922,423	22,851,800
5,009,403	3,070,623
30,931,826	25,922,423

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 that permits a reasonable assessment of the existence of reserves. The directors have reviewed the carrying value of capitalised exploration and evaluation costs at 30 June 2018 and are satisfied there is no impairment at the reporting date.

NOTE 3: 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 2018 \$	December 2017 \$
31,565,053	31,565,053
Shares	Shares
97,531,763	1
-	97,531,762
97,531,763	97,531,763

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 2018 \$	December 2017 \$
31,565,053	1
-	32,766,956
-	(1,201,904)
31,565,053	31,565,053

NOTE 4: LOSS PER SHARE

a. Reconciliation of loss

Loss for the year

Loss used in the calculation of basic and dilutive EPS

June 2018 \$	June 2017 \$
(1,227,846)	(404,361)
(1,227,846)	(404,361)

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
97,565,053	1
-	-
37,405,392	-

d. Loss per share

June 2018 Cents	June 2017 Cents
(1.26)	(40,436,100)

NOTE 5 – 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 Managing Director) 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 6 – CONTINGENCIES & COMMITMENTS

- (a) In December 2013 the Company entered into an agreement with Vista Gold Corporation to acquire 100% of Salu Siwa, PT Masmindo 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 tenements the Group is required to advance the Awak Mas Gold Project through to operation and production. The Awak Mas Gold Project is currently in the Operations and Production Period and the Group is required to pay Dead Rent of \$4.00 per hectare and Land Tax of annually (approximately \$7,500). The CoW covers an area of 14,390 hectares.
- (c) The Group is subject to a tax audits by the Indonesian tax department and has been issued with a revised assessment with respect to VAT paid in 2012. This revised assessment and associated penalties amounted to approximately \$236,000. The Group is disputing the assessment and has paid 60% of this amount as a deposit to advance to the Tax Court. If the Tax Court issues a negative decision the Group would need to pay approximately \$188,000, being the balance of the assessment plus additional penalties, before it could Appeal to the Supreme Court. The Group remains 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 from which additional claims could arise, however is confident its position is defensible.

NOTE 7 – SUBSEQUENT EVENTS

During the period, the Company initiated a fully underwritten Rights Entitlement Issue for A\$5.1 million (before transaction costs), which was completed at period end, with securities issued and cash received in early July 2018. At 30 June 2018, Nusantara had 97,531,763 fully paid ordinary shares, 32,508,392 listed loyalty options and 5,872,318 unlisted options on issue. In early July, following the allotment of securities in relation to the three offers included in the Rights Entitlement issue the Company had 123,197,673 fully paid ordinary shares, 17,784,308 new listed options, 32,508,392 listed loyalty options, and 6,612,318 unlisted options on issue.

Movements in share capital post June 2018

Balance at 30 June 2018
Shares issued in July in relation to the Entitlements Issue
Costs associated with shares issued during the period
Balance on 4 July 2018 following close of Entitlement Issue

Post June 2018 #	Post June 2018 \$
97,531,763	31,565,053
25,665,910	3,799,608
-	(229,478)
123,197,673	35,135,183

Other than the matter above, 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.

NUSANTARA RESOURCES LIMITED

ACN 150 791 290

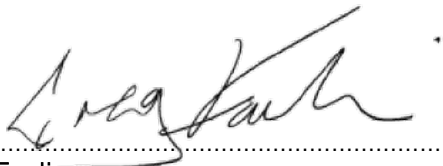
DIRECTORS' DECLARATION

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 9 to 16 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 Company at 30 June 2018 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



.....
Greg Foulis
Non-Executive Chairman

Melbourne, Victoria
Date: 2 September 2018

Independent Auditor's Review Report to the Members of Nusantara Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Nusantara Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2018, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These conditions along with other matters disclosed in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-Year 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.

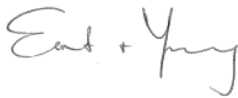
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 30 June 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Scott Jarrett
Partner
Sydney
31 August 2018