



## **SEPTEMBER 2018 QUARTERLY ACTIVITIES REPORT**

### **DEFINITIVE FEASIBILITY STUDY COMPLETED ORE RESERVE<sup>1</sup> INCREASED 11% TO 1.1 MOZ NEXT PHASE OF EXPLORATION DELIVERING RESULTS**

During the quarter, the Definitive Feasibility Study (DFS) was completed and released for the Awak Mas Gold Project. The DFS confirmed a financially robust, technically low risk and long-life Awak Mas Gold Project with an NPV<sub>5%</sub> of US\$152M, and an IRR of 20.3% delivering US\$39M per year after tax cash. The DFS is based on an Ore Reserve<sup>1</sup> of 1.1 Moz gold which is an increase of 11%. During the quarter, an exploration update was released following encouraging results achieved on the next phase of exploration work focusing on identification of near mine prospects with the potential to increase project life.

The DFS completion has allowed a change of focus to securing a strategic partner for the development of the Awak Mas Gold Project and this process is well advanced.

### **HIGHLIGHTS**

#### **AWAK MAS GOLD PROJECT**

- Definitive Feasibility Study completed and released 4 October 2018
- Ore Reserve<sup>1</sup> estimate of 1.14 million contained ounces
- New near mine exploration program accelerated with early encouraging results, with further work now underway to develop a targeted drill program

#### **FINANCIAL AND CORPORATE**

- Fully Underwritten Rights Entitlement Issue completed for A\$5.1 million (before costs) with strong major shareholder support
- General Meeting held 31 August 2018, all resolutions approved
- Financial advisor, Grant Samuel, appointed post quarter end with the strategic partner process intensified

#### **SEPTEMBER QUARTER CATALYSTS**

- Advancement towards securing a strategic partner(s) for the Project
- Continuation of Contract of Work (CoW) area exploration with a focus on prospect sampling and mapping towards establishing drill target priorities

<sup>1</sup> ASX release dated 13 September 2018 titled Ore Reserve Increased by 11% to 1.1Moz Gold

## AWAK MAS GOLD PROJECT (NUSANTARA 100%)

### ORE RESERVE<sup>1</sup>

In September 2018, an update to the Ore Reserve estimate was published for the Awak Mas Gold Project, which contained a Probable Ore Reserve of 26.9 Mt at 1.32 g/t Au for 1,140,000 contained ounces. These Ore Reserves were calculated at 0.5 g/t Au cut-off using a US\$1,250/oz gold price for the Awak Mas and Salu Bulu deposits:

- Awak Mas — 24.1 Mt at 1.28 g/t Au for 0.99 Moz
- Salu Bulu — 2.8 Mt at 1.67 g/t Au for 0.15 Moz

This Ore Reserve estimate was based on the Mineral Resource reported for the Awak Mas and Salu Bulu deposits in May 2018.

This updated Reserve forms the basis for the DFS.

### DEFINITIVE FEASIBILITY STUDY<sup>2</sup>

The Awak Mas Gold Project (“the Project”) DFS was advanced during the quarter, with the DFS results reported on 4 October 2018. Activities included:

- completion of plant design, engineering and preparation of a detailed engineering cost estimate for the process plant;
- finalisation of estimates for project infrastructure and facilities including power and water supplies, site road access, site accommodation camp and site offices;
- finalisation of the TFS design and cost estimate;
- work to finalise the overall Project schedule;

- completion of environmental and social impact studies;
- finalisation of capital and operating cost estimates and financial modeling for the Project; and
- completion of a process to identify, evaluate and select of value improvements for inclusion in the DFS.

This work supports a Project that is technically low risk and long life, with a high ore mining and processing rate of 2.5 Mtpa, low project strip ratio of 3.5, high gold recoveries of 91% through a conventional CIL processing plant.

### DFS FINANCIAL OUTCOMES<sup>2</sup>

The DFS Financial Outcomes for the Project were reported on 4 October 2018.

The financial evaluation in United States Dollars (USD), demonstrates the Project has a long life with a high gross margin and is located in an area with considerable exploration upside. The Upfront Project Capital Expenditure of \$146 million, plus mine pre-production costs of \$16 million, provides an attractive return with the possibility of enhancement; increased life and returns.

Key DFS outcomes:

- NPV<sub>5%</sub> (post tax) of USD 152 million;
- IRR (post tax) of 20.3%;
- C1 cash cost of USD 643 per ounce; and
- All-In Sustaining Costs (AISC) of USD 758 per ounce

**Table 1: Awak Mas Gold Project: Ore Reserves estimates (September 2018) by deposit**

	Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Awak Mas	Proved	-	-	-
	Probable	24.1	1.28	0.99
	<b>Sub-total</b>	<b>24.1</b>	<b>1.28</b>	<b>0.99</b>
Salu Bulu	Proved	-	-	-
	Probable	2.8	1.67	0.15
	<b>Sub-total</b>	<b>2.8</b>	<b>1.67</b>	<b>0.15</b>
Total	<b>Proved</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Probable</b>	<b>26.9</b>	<b>1.32</b>	<b>1.14</b>
	<b>Total</b>	<b>26.9</b>	<b>1.32</b>	<b>1.14</b>

Reported at a 0.5 g/t cut-off grade

<sup>1</sup> ASX release dated 13 September 2018 titled Ore Reserve Increased by 11% to 1.1Moz Gold

<sup>2</sup> ASX released dated 4 October 2018 titled Definitive Feasibility Study completed

## INFRASTRUCTURE

Further discussions have been held with PT PLN (Persero) on the details for the planned development of a single purpose power line from the Belopa substation to site. The provision of low-cost grid power is a key value driver for the Project. The next step is the completion of a formal Sales Agreement.

As part of the DFS, further investigation of the capacity and suitability of the port facilities at Palopo and Belopa have been completed with confirmation that these facilities are suitable for project construction.

## EXPLORATION<sup>3</sup>

As the DFS neared completion during the September Quarter the Company shifted its strategic focus to surface exploration sampling to confirm drill targets which have the potential to grow the resource base beyond the current eleven-year mine operation.

A new exploration program focused on the CoW area was commenced during the quarter, initially focusing on previously identified exploration prospects. The objective is to develop the geological understanding of each prospect through new sampling and mapping leading to the assessment of the potential of each prospect. This work will then be used to develop a prioritised drilling program.

During the quarter, the Company engaged the services of Global Ore Discovery consultants to re-process the significant amount of historic geophysics (airborne magnetic and radiometric) data that was flown in 1996 by World Geoscience Corporation and subsequently reviewed by GPX Surveys in 2015.

The reprocessing of the magnetics and radiometrics data by Global Ore Discovery has produced enhanced imagery on which to base interpretation and identify exploration targets. Results were released to the ASX on 4 October 2018.

The work has defined a regional scale structural and intrusive architecture of major west-northwest structural corridors (the Awak Mas – Salu Bulu trend), intersecting with established north trending zones (parallel to the Kandeapi Fault Zone), which appears to present opportunity for the occurrence of the current deposits. Mineralisation is also interpreted to be intrusive related with magnetic high features coincident with known prospects (Figure 1).

<sup>3</sup> ASX release dated 4 October 2018 titled Significant Near Mine Mineralisation Identified

Further prospect scale analysis is required to complete the interpretation in more detail; particularly in the near mine area and to integrate geological and geochemical data with field evaluation. At this early stage, Nusantara is in the process of evaluating and further understanding the significance of the enormous amount of new data and will be incorporating this into ongoing exploration work.

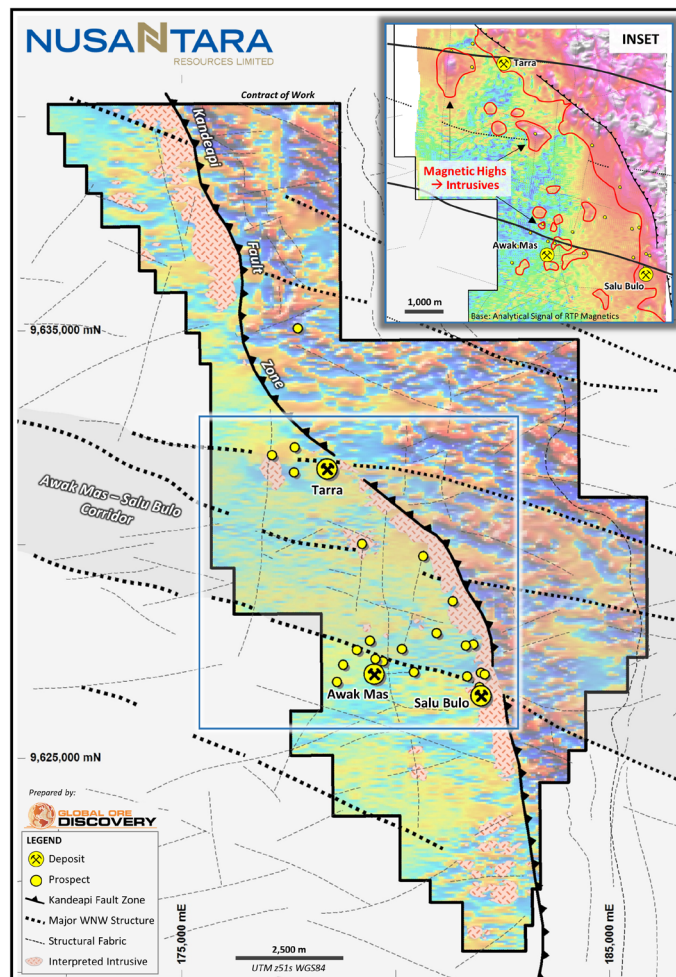


Figure 1: Composite figure of Structural and Magnetic signature with inset showing interpreted intrusive units

## Near Mine Exploration Results<sup>3</sup>

The immediate exploration focus for the remainder of 2018 is exploring exciting Near Mine prospects (Figure 2) within a 3km radius of the proposed processing plant with the aim of extending the proposed eleven-year mining operation. The program also includes the re-processing of previously acquired geophysical data which is demonstrating considerable potential for further discoveries across the entire CoW area.



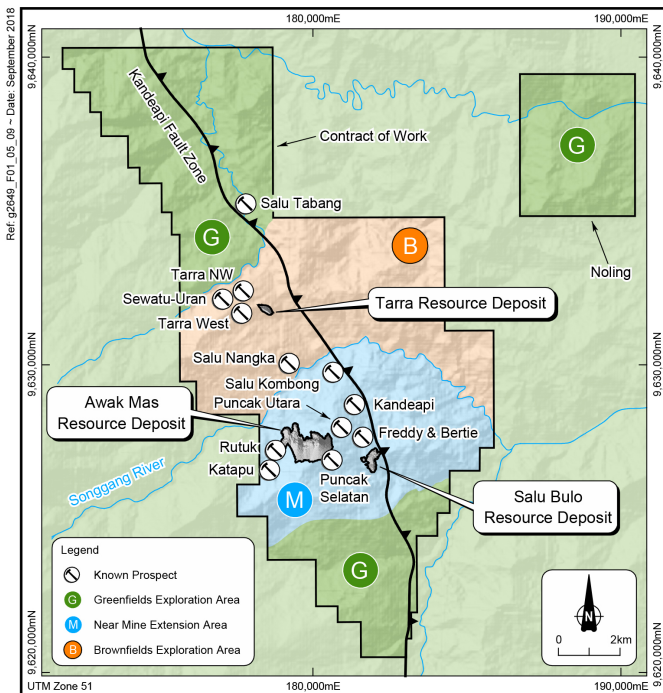


Figure 2: Relationship of Near Mine, Brownfields and Greenfields exploration areas

Significant gold and copper results have been reported from surface and trench samples adjacent to the Awak Mas and Salu Bulu deposits:

#### Salu Kombong

- Three significant new gold and copper outcrops identified on intrusive related quartz veining covering an area of approximately 250m x 100m (Figure 3)
- Assay results of up to 2.8 g/t gold and 1.2% copper sampled on extensive structures
- Nearby magnetic intrusive unit mapped, strong local geophysical signatures revealed

#### Puncak Utara

- Manually excavated trenches confirm mineralisation with grades up to 11.0 g/t gold
- Broad continuous zones of mineralisation, up to 12m @ 2.39 g/t gold
- Extensive area of gold anomalism now defined over large footprint, approximately 750m x 1500m

#### Puncak Selatan

- First pass manually excavated trenches confirming surface mineralisation, up to 5.3 g/t gold
- Broad mineralised area has strategic value given immediate proximity to the planned Awak Mas pit



Figure 3: Gold and copper mineralisation outcrop at Salu Kombong KB047 sample location

Intrusive related mineralisation now confirmed at Salu Kombong; newly reprocessed geophysics highlights multiple intrusive targets in near-mine areas and across the CoW area.

The recent exploration results are extremely encouraging, which combined with extensive historic sampling, confirms the prospectivity of near mine areas and will be the focus of further mechanical trenching by excavator and subsequent drill targeting. A number of untested or largely untested exploration prospects (Figure 4) that have the potential to be satellite deposits have been identified within the area, both adjacent to the planned two initial open pits

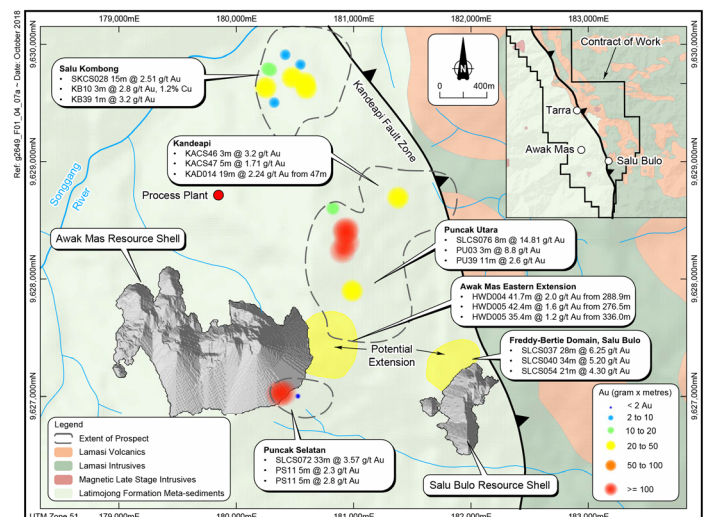


Figure 4: Near Mine prospects showing selected historic and recent results; and prospect locations identified as gram x metre anomalies

## SEPTEMBER 2018 QUARTER ASX ANNOUNCEMENTS

Further details (including 2012 JORC Code reporting tables where applicable) which relate to Ore reserves in this Quarterly Activities Report can be found in the following announcement lodged on the ASX:

- Ore Reserve increased by 11% to 1.1 Moz Gold

13 September 2018

These announcements are available for viewing on the Company's website under the Investor Centre tab.

[www.nusantararesources.com](http://www.nusantararesources.com)

containing a 1.1 Moz Ore Reserve and near to the proposed processing plant site. In addition, re-processing of previously acquired geophysical data is demonstrating considerable potential for further discoveries across the entire CoW area.

These advancements in the exploration program are covered in more detail in the ASX release dated 4 October 2018 'Significant Near mine Mineralisation Identified' and in particular the Appendix 1: Awak Mas Gold Project Exploration Update, with the Appendix 2 of that same announcement, reporting all near mine exploration results completed by Nusantara (with attached JORC Code, 2012 edition, Table 1). All historical exploration results for the CoW area are located on Nusantara's website: [www.nusantararesources.com](http://www.nusantararesources.com).

## FINANCIAL AND CORPORATE

Nusantara (the Company) held cash reserves of US\$2.9 million (A\$4.0 million) at 30 September 2018.

The Company held a General Meeting in Perth on 31 August 2018. All resolutions were passed unanimously by show of hands.

At 30 September 2018, Nusantara had 123,197,673 fully paid ordinary shares, 32,508,392 listed loyalty options, 18,034,307 listed options (exercisable at A\$0.30 each) and 6,612,318 unlisted options on issue.

The Company has released a Notice of Expiry of Listed options in relation to the 32,508,392 listed loyalty options, which are exercisable at A\$0.42 each and expire 14 November 2018.

## STRATEGIC PARTNER ENGAGEMENT PROCESS

Nusantara advanced its engagement process with potential strategic partners for the planned development of the Project. These discussions have intensified since release of the DFS outcomes, with a number of site visits underway.

The Company has been encouraged by the level of interest from the many groups who are currently engaged in reviewing the Project data.

Post quarter end the Company has engaged Grant Samuel Corporate Finance Pty Ltd to provide financial and strategic advice, including in relation to options for the funding of the development of the Awak Mas Gold Project.

## SOCIAL PERFORMANCE

Nusantara's core values of Caring, Integrity, Teamwork, Accountability and Excellence define our approach to our business and our drive to achieve the highest standards. We take seriously our commitment to health and safety, the environment and community.

We care about people first, ensure a safe workplace, are environmentally responsible, and support the communities in which we operate.

During the quarter, there were no serious safety or health incidents. The quarter was Recordable Injury free (defined as Medical Treatment or Lost Time Injuries).

In support of the local environment the Company undertakes regular monitoring activities and programs such as the development of a nursery and revegetation of ex-drill pads.

During the quarter, the Company's wholly-owned subsidiary PT Masmino Dwi Area (Masmino), supported and participated in events related to Indonesian Independence Day and the Islamic New Year celebrations with the villages surrounding the project area. Masmino contributed to the humanitarian efforts for the victims of the Palu earthquake and tsunami by donating food, water and medical supplies; and continues to monitor the situation, organising additional contributions of needed supplies.

Masmino continues to support various local programs to enrich and better the lives of those living around the Project.

Masmino has been active in its support of education in the local community and regularly sponsors various programs such as school aids and supplies; and food supplements for the students and teachers.

Masmino supports purchases of supplies from local vendors whenever it can. A concerted effort has been made to employ local people from the surrounding communities, providing needed employment opportunities.

Through our dedication to social responsibility, Masmino strives to maintain meaningful dialogue through active engagement with the surrounding communities in pursuit of common goals that will improve the lives of the people in the local communities.

## **DECEMBER 2018 QUARTER WORK PROGRAM**

### **AWAK MAS GOLD PROJECT**

The near mine and CoW area exploration programs will also continue with the sampling, mapping and investigation to develop priority drill targets.

### **FINANCIAL AND CORPORATE**

The primary focus for the December quarter is the continuation of the Strategic Partner process, with the aim of completing agreements during the first half of 2019.

In addition the Company is developing its programs and budget for the 2019 year, to target a final investment decision on the project during 2019.

## **ABOUT NUSANTARA RESOURCES**

Nusantara is an ASX-listed gold development company with its flagship project comprising the 1.1 million-ounce Ore Reserve and 2.0 million-ounce Mineral Resource Awak Mas Gold Project located in South Sulawesi, Indonesia. Discovered in 1988, the Project has over 135 km of drilling completed in over 1,100 holes.

The Project is 100% owned through a 7th Generation Contract of Work (CoW) with the Government of Indonesia (GoI). The CoW area was secured prior to the current Mining Law and has recently been amended by mutual agreement to align with the current law.

PT Masmino Dwi Area (Masmino), a wholly owned subsidiary of Nusantara, has sole rights to explore and exploit any mineral deposits within the project area until

2050. After this period, the operations under the CoW may be extended in the form of a special mining business license (IUPK) in accordance with prevailing laws and regulations, which currently allows for an extension of 10 years and a further extension of 10 years.

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.

Nusantara's development strategy is for construction of a modern, low strip ratio open pit operation with ore processed by standard carbon-in-leach (CIL) processing delivering high gold recoveries. Environmental approval has already been received for the Project, which is favourably located in non-forestry land close to established roads, ports, airports, and grid power.

Nusantara's second strategy is to grow the resource base and support a mining operation beyond the initial project life of 11 years. Multiple drill-ready targets have already been outlined extending from the three main deposits and in other areas of the 140km<sup>2</sup> CoW.

## Competent Persons Statement

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

## 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".

## Mineral Reserves

The information in this report that relates to the Ore Reserves Estimation for the Awak Mas Gold Project is based on and fairly represents information compiled by Mr David Varcoe,

Principal Mining Engineer, for AMC Consulting Pty Ltd. Mr Varcoe is an employee of AMC Consulting Pty Ltd and is a current Fellow of the Australian Institute of Mining and Metallurgy (AusIMM No: 105971).

Mr Varcoe 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".

## 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.

**For more  
information  
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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

NUSANTARA RESOURCES LIMITED

**ABN**

69 150 791 290

**Quarter ended ("current quarter")**

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,245)	(5,271)
(b) development	-	-
(c) production	-	-
(d) staff costs	(299)	(1,217)
(e) administration and corporate costs	(489)	(1,352)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	1
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,033)</b>	<b>(7,839)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(11)	(38)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(11)</b>	<b>(38)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,809	3,809
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(230)	(230)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,579</b>	<b>3,579</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,438	7,434
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,033)	(7,839)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(38)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,579	3,579
4.5	Effect of movement in exchange rates on cash held	(106)	(269)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,867</b>	<b>2,867</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	2,867	1,438
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,867</b>	<b>1,438</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	120
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director's fees and salaries.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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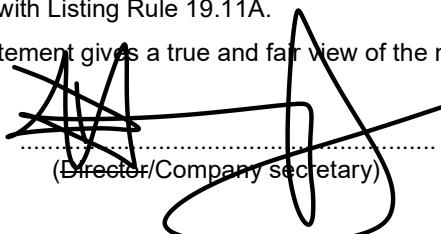
<b>9. Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Exploration and evaluation	(1,600)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(300)
9.5 Administration and corporate costs	(400)
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>(2,300)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: .....31 October 2018.....

Print name: ...DEREK HUMPHRY.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.