

ASX Announcement

Date: 26 February 2020

Nusantara Resources Limited

ABN 69 150 791 290

Registered Office:

20 Kings Park Road

West Perth

Western Australia 6005

Ph: +61 (8) 9460 8600

Issued Capital

192,025,903 shares

47,070,784 options

Substantial Holders

Lion Selection Group 23%

PT Indika Energy TBK 19%

Australian Super 14%

Nusantara Resources Limited is listed on the Australian Stock Exchange – ticker symbol NUS

Dollar values in this report are United States Dollars unless otherwise stated.

Enquiries regarding this report may be directed to:

Mr Greg Foulis

Executive Chairman

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This announcement has been authorized by the Board

USD 40M Gold Project Equity Deal

In December 2019 Nusantara raised AUD 11M and a further AUD 0.6M from a share purchase plan and began early capex on the Awak Mas Gold Project.

Today's announcement, subject to shareholder approval expected late April 2020, can deliver a further USD 40M from Indika Group plus subject to future contract arrangements to be negotiated with Petrosea, another USD 40M in deferred payment arrangements. Emphasis will now move to bank debt to help complete the funding process.

Key Points

- **Binding project equity agreements executed with Strategic Partner Indika Group to invest USD 40M in the Awak Mas Gold Project**
- **Early capex pre-development activities have commenced**
- **Front End Engineering and Design contract negotiations advancing**
- **Debt advisor Noah's Rule appointed to progress financing**

BINDING PROJECT EQUITY AGREEMENTS AND FUNDING

Nusantara Resources Limited (**Nusantara**) and partner PT Indika Energy Tbk (**Indika Group**) in December 2019 announced a non-binding term sheet (**Term Sheet**)¹ that provided the pathway for project funding and development of the 2.0Moz¹ Awak Mas Gold Project (**Project**), Indonesia.

Nusantara's Indonesian subsidiary (**Project Company**) plans to raise USD 40M project equity by issuing a 40% interest in the Project to Indika Group and another USD 40M in deferred payment arrangements from PT Petrosea Tbk (**Petrosea**), a company listed on the Indonesian stock exchange, and 70% owned by Indika Group. Project debt will be sought for the balance of funding the USD 146M capex plus USD 16M pre-production mining estimated in the 2018 Definitive Feasibility Study².

The Term Sheet arrangements provided for Indika Group to invest USD 40M into the Project Company in two stages to secure a 40% interest in the Project. The first stage USD 15M investment, to earn a 25% Project interest is, subject to Nusantara shareholder approval and standard regulatory approvals. The second stage USD 25M

¹ ASX release dated 9 December 2019 – Awak Mas Gold Project Funding

² ASX release dated 4 October 2018 – Definitive Feasibility Study Completed

About Nusantara Resources

Nusantara is an ASX Listed gold development company with its flagship Awak Mas Gold Project located in South Sulawesi, Indonesia.

investment, to earn a further 15% Project interest remains subject to Nusantara shareholder approval and conditional on milestones as set out in the Term Sheet. The project equity arrangements contemplated under the Term Sheet have now been documented into binding agreements. These agreements consist of a Project Company Shareholders Agreement, a Project Company Subscription Agreement, and Nusantara unlisted Option Subscription Agreements with Indika Group and Petrosea. These agreements were executed by the appropriate group companies and remain conditional on certain matters including Nusantara shareholder approval. An Experts Report and Notice of General Meeting are being prepared towards holding a meeting in late April 2020.

Nusantara's Executive Chairman Greg Foulis said: *"The Company is ticking off critical milestones towards the development of the Awak Mas Gold Project at a perfect time for gold with high and rising gold prices."*

FRONT END ENGINEERING AND DESIGN (FEED)

The Term Sheet provided for USD 40M in deferred payment arrangements, through FEED and Engineering Procurement Contract (EPC). Nusantara (through its Project Company) is in advanced negotiations with Petrosea on the FEED contract which is to be completed by Petrosea during 2020 using up to USD 10M deferred payments arrangements provided by Petrosea. The EPC (including USD 30M deferred payment arrangements) is to be negotiated during the term of the FEED contract.

The award of the FEED contract is a condition of the stage 1 investment. Nusantara anticipates the FEED contract will be awarded during the first quarter of 2020.

EARLY CAPEX PRE-DEVELOPMENT ACTIVITIES COMMENCED

As advised in the December 2019 Quarterly report, the Project Company has commenced engagement of key members of the owner's team for the Project. The appointment of Project Director Matt Timbrell, Permitting and Reporting Manager, Taufiqurrahman and now the appointment of Head of External Relations Yustinus Hari Setiawan establishes the base for development of the team to deliver the Project FEED and development, tailing storage facility permitting, and land compensation.

DEBT FINANCING - NOAH'S RULE APPOINTED

Noah's Rule has been appointed as specialist debt and hedge adviser to the Project Company to commence formal engagement of a debt financing syndicate. The appointment of Noah's Rule is an important step to deliver the 2020 core objective of debt funding for the Project, to facilitate a decision to mine in late 2020.

Nusantara is now well placed to progress its debt financing objectives. Noah's Rule has outstanding credentials in project finance and gold hedging and have already completed a number of limited scope exercises with the Board to map the Project development funding pathway.

Noah's Rule has completed over AUD 2B of successful mine financings across a range of metals and continents, including the very successful development of Touquoy/Moose River gold mine in Nova Scotia for Atlantic Gold Corporation (now owned by St Barbara Ltd). Retained by many of Australia's leading gold producers, in relation to gold sales/hedging and debt, Noah's Rule maintains active relationships with most of the leading lenders to the industry.

Project debt will be sought for the balance of funding the USD 146M capex plus USD 16M pre-production mining estimated in the 2018 Definitive Feasibility Study³.

³ ASX release dated 4 October 2018 – Definitive Feasibility Study completed