

AWAK MAS DEVELOPMENT BOOSTED BY INDONESIA STRATEGIC PARTNER

Following the completion of a Definitive Feasibility Study, Nusantara has achieved another milestone, securing a strategic Indonesian cornerstone investor with funds raised to help advance the Awak Mas Gold Project.

On completion of a A\$10.25 million capital raising, PT Indika Energy Tbk ('Indika'), through its wholly owned subsidiary PT Indika Minerals Investindo, will obtain a 19.9% interest in Nusantara and existing shareholder, AustralianSuper Pty Ltd, will raise their shareholding to 14.0%.

- Nusantara Resources Limited ("Nusantara", ASX:NUS) has today entered into a subscription agreement for a placement of 30.6 million shares at 23 cents per share, for total funds of A\$7.04 million, with a subsidiary of Indika. Indika is an integrated energy and resources company listed on the Indonesian Stock Exchange (IDX:INDY). Indika's subsidiary will obtain a 19.9% interest in the Company's shares as a result of the placement.
- Existing shareholder AustralianSuper has committed to subscribing for 11.2 million shares at 23 cents per share. This placement, which will raise A\$2.6 million, is also subject to shareholder approval. The placement will lift AustralianSuper's shareholding to 14.0%.
- Subject to Nusantara shareholder approval, Indika will subscribe for a further 2.8 million shares at 23 cents per share totalling A\$0.64 million, which will see Indika maintain a 19.9% shareholding in Nusantara.
- Nusantara's major shareholder, Lion Selection Group (ASX:LSX, holding 32.32%) fully supports the placements to Indika and AustralianSuper.
- Indika and AustralianSuper will also be issued options on a 1 for 2 basis pro-rata to their share subscriptions. The options will be exercisable at A\$0.35 on or before 30 November 2020.
- The placements to Indika and AustralianSuper will raise a total of A\$10.25 million. These funds will be applied by the Company to advance the development of the Awak Mas Gold Project through further optimisation studies, near-mine exploration, preparatory work for project construction, advancing project financing and for general working capital.
- Indika and Nusantara have entered into agreements that define an ongoing strategic relationship between the parties. The strategic relationship will be focussed on exploring avenues for completing the financing and development of the Awak Mas Gold Project and makes provision for Indika to acquire an interest (extent to be agreed) in the Awak Mas Gold Project at the project or corporate level at a fair market value price (to be determined by an independent valuer).

Commenting on the Indika investment and strategic relationship, Nusantara Managing Director, Mike Spreadborough, said:

“The Board of Nusantara welcomes Indika as a shareholder and looks forward to the contribution Indika will make to exploring avenues for the financing and development of the Awak Mas Gold Project. Indika’s investment in Nusantara is a significant milestone in progressing the project and demonstrates the value of this low cost, long life gold project and its exceptional exploration potential. Indika brings a wealth of Indonesian operating experience through its extensive resources and energy activities across Indonesia, and we look forward to the ongoing support and advice of Indika’s highly credentialed Board of Commissioners and Board of Directors as we accelerate and assess avenues for the development of the Awak Mas Gold Project during 2019. I would also like to thank AustralianSuper for its ongoing support, which further validates the significant potential of Awak Mas.”

While Indika Managing Director & Chief Executive Officer, Azis Armand, said:

“We are excited to be part of Nusantara Resources and as a local partner, we look forward to working together with management to unlock the potential of the Awak Mas Gold Project. We have identified gold as a strategic sector and are privileged to enter into this partnership as the project gets closer to its construction and production stage. This investment is an important first step towards our diversification strategy into other mining sectors.”

About PT Indika Energy Tbk.

PT Indika Energy Tbk (IDX: INDY) is a leading integrated energy company in Indonesia through its strategic investments in the areas of Energy Resources, Energy Services, and Energy Infrastructure. Its Energy Resources business pillar focuses on exploration, production and processing of coal. Its Energy Services business provides contract mining, engineering, procurement and construction (EPC) as well as operations and maintenance (O&M) in the oil and gas sector, and offshore supply base services. The Energy Infrastructure segment operates coal-fired power plants and provides marine transportation, ports & logistics for bulk goods and natural resources.

About AustralianSuper

AustralianSuper manages more than \$140 billion of members’ retirement savings on behalf of more than 2.2 million members from around 280,000 businesses. One in 10 working Australians is a member of AustralianSuper, the nation’s largest superannuation fund.

Investment Details

Asia-Pacific gold development company Nusantara Resources Limited ('Nusantara', ASX: NUS), is pleased to advise that IDX-listed PT Indika Energy Tbk. (IDX: INDY) has agreed to make a strategic investment in Nusantara. The investment will be on a two-tranche basis. The first tranche will be completed through the placement to Indika of 30,607,162 new Nusantara shares at an issue price of A\$0.23 per share ('Placement'), for total funds of A\$7.04 million. This placement is expected to be completed by the end of this week.

The second tranche of 2,780,260 shares at A\$0.23 per share (to raise additional funds of A\$0.64 million) will be subject to the approval of Nusantara shareholders at a General Meeting of shareholders to be called for late January 2019.

Subject to the approval of shareholders at that General Meeting, existing shareholder AustralianSuper has committed to subscribing for 11,190,895 new Nusantara shares at A\$0.23 per share, for total funds of A\$2.57 million.

Nusantara's major shareholder, Lion Selection Group (ASX: LSX), who currently holds 32.32% of the issued capital, fully supports the placements to Indika and AustralianSuper and intends to vote in favour of all relevant resolutions at the Nusantara general meeting.

The total amount to be raised through the placements to Indika and AustralianSuper will be approximately A\$10.25 million.

In addition, the General Meeting will be asked to approve the issue of 16,693,711 options to Indika and 5,595,448 options to AustralianSuper, representing a 1 for 2 option issue pro-rata to the parties' share subscriptions. The options will be exercisable at A\$0.35 on or before 30 November 2020. On the assumption that shareholders approve the second tranche placement to Indika and the placement to AustralianSuper, Indika will hold 19.9% and AustralianSuper will hold 14.0% of the Company's issued shares.

Indika will be entitled to nominate a Director to Nusantara's Board of Directors and a Commissioner to PT Masmindo Dwi Area ('Masmindo'), Nusantara's 100% owned subsidiary that holds the Contract of Works ("CoW") for the Awak Mas Gold Project subject to the Indika Group holding at least a 10% shareholding in the Company.

Subject to the receipt of an ASX waiver, the Indika Group will enjoy anti-dilution rights (to participate in any capital raising on the same terms as other participants) for any shareholding in the Company it holds between 10% and 30% to maintain its then percentage shareholding. The rights lapse if the Indika Group's aggregate shareholding falls below 10% or the Company disposes of an interest in the Awak Mas Gold Project (or its holding company) to a third party or the Relationship Deed (discussed below) is terminated.

In addition, the Company has today executed a Relationship Deed with Indika that provides a framework for Indika and Nusantara to work together towards exploring avenues for the financing and development of the Awak Mas Gold Project (Project).

The Relationship Deed includes the following rights:

- Pre-emptive right - if a third party offers to acquire an interest in the Awak Mas Gold Project (whether directly or indirectly, or through an issue or sale of shares in Masmindo) ("Project Offer"). Prior to accepting that Project Offer, the Company must provide Indika with a right to match the Project Offer.
- Project Interest Acquisition - At any time post the completion of any Updated Feasibility Study (if further technical work is required following assessment by the Independent Technical Expert as required by financiers) the Company may offer to sell to Indika an interest of not less than 25% in the Awak Mas Gold Project ("Project Interest Acquisition"). The Company will offer the interest on a first right basis to Indika, at a price determined by an independent valuation. If Indika does not accept the offer, the Company will then have a period of time to secure a binding agreement with alternative parties.
- Right to negotiate for Project interest - At any time, Indika can make an offer to the Company to purchase a direct or indirect interest in the Awak Mas Gold Project. If an offer is made, the parties must use their best endeavours to negotiate terms to complete the relevant agreement (including undertaking a project valuation if either party so elects).

A break-fee of A\$703,965 may be payable by Nusantara to Indika if Nusantara enters into discussions with a third party prior to the completion of an Updated Feasibility Study (if further technical work is required following assessment by the Independent Technical Expert as required by financiers) for the Awak Mas Gold Project and subsequently sells an interest in the Project to that party.

Both the Subscription Agreement and the Relationship Deed contain a number of warranties, representations and indemnities from the Company customary for agreements and deeds of this nature.

Nusantara has today suspended its Strategic Partner process announced on 19 December 2017. Nusantara welcomes Indika as a long-term strategic partner in the future development and operation of the Project. The arrangements facilitate a close working relationship with Indika to advance the Project and to leverage synergies with Indika's existing business interests, investments, and expertise in Indonesia.

Grant Samuel has advised Nusantara in relation to this transaction.

On completion of this proposed funding the Company will have the following Issued Ordinary shares:

Existing shares quoted on ASX	97,751,430
Ordinary shares escrowed to 02/09/19	25,446,243
Total existing ordinary shares	123,197,673
New shares to be issued at 23 cents to Indika and AustralianSuper	44,578,317
Total Ordinary shares Issued	167,775,990

Market capitalisation based on issue price of A\$0.23 is A\$38.6M.

About Nusantara Resources

Nusantara is an ASX-listed gold development company (ASX: NUS) 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 was secured prior to the current Mining Law and has recently been amended by mutual agreement to align with the current law.

PT Masmindo Dwi Area (Masmindo), 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, Masmindo 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 140km² CoW.

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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