

ASX Announcement

Date: 23 March 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

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Or

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This announcement has been authorised by the Board

www.Nusantararesources.com

USD 11.45M ENGINEERING CONTRACT AWARDED

Nusantara Resources Limited (**Nusantara**) is pleased to announce that the Front End Engineering and Design Services (**FEED**) contract has been awarded for the 2.0Moz¹ Awak Mas Gold Project (**Project**), Indonesia.

The FEED contract is one of three critical path items in 2020, along with TSF design & permitting, and land access, and forms part of a USD 30M Capital Works program budgeted for 2020. The 2020 Capital budget is part of the overall USD 162M Capital required to put Awak Mas into production, as estimated in the 2018 DFS study¹.

With respect to funding and as part of a joint venture arrangement, Indika Energy will contribute up to USD 40M of earn-in equity funding. Subsidiary Petrosea will also provide up to USD 40M in deferred payments, up to USD 15M of this is provided for in this FEED contract, with the balance to be agreed in the future Engineering, Procurement and Construction contract. Over the course of 2020, the JV partners Nusantara and Indika will look to complete Project Debt Financing and move into a construction and commissioning phase in 2021.

As announced on 26 February 2020 the Company is preparing to seek shareholder approval in late April 2020 for the joint venturing of the Project and related project equity investments by PT Indika Energy Tbk (**Indika Energy**) group in the project company PT Masmindo DWI Area (**Masmindo**). The award of the FEED contract addresses a condition of those investments and continues the project development momentum for the Project.

The 9-month FEED contract has been awarded to PT Petrosea Tbk (**Petrosea**) which is an Indonesian Stock Exchange listed company that is 69.8% owned by Indika Energy. Notably the FEED contract is initially funded by a Deferred Payment Arrangement that facilitates the completion of FEED works during 2020 while delaying payment until Project finance is established. Material terms of the FEED contract are set out in the attached appendix.

Nusantara's Chief Executive Office Neil Whitaker said from Jakarta: *"This is another significant milestone towards the development of the Awak Mas Gold Project and, in a favourable environment for gold, bodes well for the future success of the Project and its stakeholders."*

¹ 4 October 2018 ASX announcement Definitive Feasibility Study Completed

About Nusantara Resources

Nusantara is an ASX Listed gold development company with its flagship project comprising of the 1.1 million-ounce Ore Reserve and 2.0 million-ounce Mineral Resource Awak Mas Gold Project located in South Sulawesi, Indonesia.

FEED Contract Capability, Experience and Management

Petrosea are a tier 1 engineering and construction contractor in Indonesia with the capability in major civil construction and mining projects to deliver this FEED and future EPC works.

Masmindo has in place an experienced project delivery team lead by Project Director Mr Matt Timbrell who will manage Petrosea and its associated subcontractors through an integrated project team.

Masmindo Managed Activities

Masmindo has in place an appropriately experienced project owner's technical and project controls team whom will directly manage critical aspects of the project development. This includes geology, mine planning, TSF design, site survey, approvals/permits, land acquisition and PLN power agreement.

Covid 19 Health, Safety and Business Continuity Policy

Nusantara, Indika and Petrosea are collaborating on workable solutions to the challenges of Covid 19. Our respective policies and industry standard professional approach are managing a transformation in business practice that puts the welfare our people and partners first and seeks to prevent transmission while striving to maintain business continuity.

Material Contract Terms

FEED Contract

The material terms of the target cost estimate FEED contract include the following:

- (a) Petrosea will provide Masmindo the front end engineering and design services for the Awak Mas Gold Project;
- (b) as at the contract date the estimated contract price for the services is USD 11,449,858 - which may be subject to variation in accordance with the terms of the FEED Contract. This price comprises all amounts payable by Masmindo (inclusive of the Maximum Amount, withholding tax, value added tax, Agreed Margin, interest and provisional sums, if directed). The parties have agreed that Petrosea:
 - (i) will in practice be entitled to charge for work performed on the basis of agreed unit rates plus a profit margin of 9% (**Agreed Margin**), certain preliminaries (e.g. office overheads) plus the Agreed Margin, typical reimbursements (e.g. site visits) and certain contingency items by mutual agreement; and
 - (ii) will not be entitled to exceed a contract price of greater than USD 15 million (**Maximum Contract Price**) without the prior written agreement of Masmindo;
- (c) the final delivery date for the services is 40 weeks after the FEED Contract is signed;
- (d) deferred payments are automatically payable upon the final invoice being issued and the earlier of various types of termination of the contract, third party project finance being obtained for the Awak Mas Project and the date which is 15 months from the date of the FEED Contract;

- (e) deferred and late payments will bear interest at 9% per annum;
- (f) if the Share Pledge (which is subject to Nusantara shareholder approval) is not effective within 3 months of the FEED Contract being signed then either party can suspend the services or terminate the FEED Contract;
- (g) the party's obligations may be suspended for force majeure events arising. If an event results in a delay that exceeds 60 consecutive days or 120 cumulative days, then either party can terminate the FEED Contract;
- (h) each party's total liability is limited to 50% of the contract price (subject to exceptions);
- (i) Masmino agrees to negotiate the EPC Contract with Petrosea exclusively in the period from signing the FEED Contract until 30 days after the final delivery date of the FEED Contract services;
- (j) the parties provide warranties and indemnities customary for an agreement of its nature.

Undertaking

The material terms of the Undertaking include the following:

- (a) The Company and Petrosea have entered into a Deferred Payment Undertaking agreement under which the Company guarantees Masmino's payment obligations under the FEED pending approval of the Share Pledge by the Company's shareholders at a meeting to be called shortly.

Share Pledge

The material terms of the Share Pledge include the following:

- (b) upon an event of default Petrosea can enforce the Share Pledge and sell the Secured Property and retain the proceeds to the extent of the amounts owing under the Share Pledge or the FEED Contract;
- (c) events of default include:
 - (i) Masmino fails to pay any amount payable under the FEED Contract subject to any grace periods;
 - (ii) the FEED Contract is terminated due to a default by Masmino to comply with its terms; or
 - (iii) an insolvency event occurs to Masmino.
- (d) Petrosea is entitled to hold the title documents to the Secured Property; and
- (e) the Company gives Petrosea a number of warranties, undertakings (including not selling the Secured Property) and indemnities which are customary for an agreement of this nature.

Appendix 1

Mineral Resource Estimate – May 2018²

Deposit	Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (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 Bulo	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	0.10
	Sub-total	2.3	1.3	0.10
Total	Measured	-	-	-
	Indicated	39.3	1.4	1.78
	Inferred	6.0	1.1	0.22
	Total	45.3	1.4	2.00

Ore Reserve Estimate – September 2018³

Deposit	Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Awak Mas	Proved	-	-	-
	Probable	24.1	1.28	0.99
Salu Bulo	Proved	-	-	-
	Probable	2.8	1.67	0.15
Total	Proved	-	-	-
	Probable	26.9	1.32	1.14
	Total	26.9	1.32	1.14

Notes:

1. All Mineral Resources and Ore Reserves are completed in accordance with the 2012 JORC Code.
2. The Mineral Resource is reported at a cut-off grade of 0.5g/t Au and constrained within USD 1,400 per optimised pit shells.
3. The Ore Reserve is reported at a cut-off grade of 0.5g/t Au and USD1,250 per ounce gold price.
4. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

² ASX release dated 8 May 2018 – Mineral Resource Update

³ ASX release dated 13 September 2018 – Ore Reserve increased by 11% to 1.1Moz Gold

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.

Ore 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”. Mr Varcoe 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, Ore Reserves, production targets, and the forecast financial information derived from a production target, 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.