

ASX ANNOUNCEMENT

Date: 17 September 2020

Nusantara Resources Limited
ABN 69 150 791 290

Registered Office:

Level 1, 9 Havelock Street
West Perth
Western Australia 6005
Ph: +61 (8) 9460 8600

Issued Capital

212,579,296 shares
42,289,159 unlisted options
6,275,318 unlisted employee
options

Substantial Holders

Lion Selection Group	23%
PT Indika Energy TBK	22%
Federation Mining Pty Ltd, IMF Pty Ltd, and Simon Le Messurier	13%

Nusantara Resources Limited is listed on the Australian Securities 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 Neil Whitaker
Managing Director
Ph: +62 (0) 811 1310 9191

or
Mr David Waterhouse

Investor Relations
Ph: +61 (0) 407 880 937

This announcement has been authorised by the Managing Director

PROJECT FINANCING ADVANCES AND INDIKA WELCOMED AT PROJECT LEVEL

Highlights

- Indika earns 25% interest in project vehicle following investment of USD15M equity
- ITE report prepared to support project financing
- Project financing bank engagement to advance

Nusantara is pleased to announce that an Independent Technical Expert (ITE) report on the Awak Mas Gold Project (Awak Mas) prepared for the Project to support project financing has been completed, allowing the next stage of project financing to commence. In addition, regulatory approval has now been received for PT Indika Energy Tbk (through PT Indika Mineral Investindo) (Indika) to become a shareholder in the Awak Mas project vehicle.

Nusantara, along with its partner Indika, are seeking to build a syndicate of project financiers interested to provide senior debt for Awak Mas, along with potential providers of mezzanine finance. The ITE review was commissioned by a consortium of potential financiers and is a standard form of technical due diligence when seeking project financing in the industry. The ITE report will allow formal engagement with interested parties, advancing towards a complete project financing solution.

Managing Director, Neil Whitaker said *“This ITE report and Indika’s equity investment of USD15M for 25% of the project are significant steps for Awak Mas. Nusantara warmly welcomes Indika into the Awak Mas project vehicle, noting their proven track record in developing, operating and financing mining projects in Indonesia. In particular we look forward to leveraging their experience and proven ability to secure bank financing.*

The June 2020 addendum to the Definitive Feasibility Study (DFS)¹ confirmed Awak Mas to be a high margin development opportunity and now key technical aspects have been independently validated in the ITE report. This allows Nusantara and Indika to work even closer with interested financiers to obtain a project financing solution.

Awak Mas generates significant upfront cashflow at the DFS gold price assumption of USD1,700/oz and is exposed to further upside with record highs above USD1,900/oz. The gold price sensitivity analysis indicates a 28% increase in discounted cashflows to USD661M, driving a rapid project payback of 1.6 years (post-tax)”.

¹ 29 June 2020 ASX announcement titled – Awak Mas NPV Increases to USD517M

About Nusantara Resources

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

Project Financing ITE Report

The ITE review involved a significant body of work with a review of the October 2018 DFS² and subsequent economic updated in the 2020 Addendum³ and includes technical aspects such as Geology & Mineral Resources, Mine Planning, Metallurgy & Processing, Infrastructure, Logistics, and Environmental & Social design and compliance. Completion of this ITE report will allow the commencement of, and guide, the next phase of work that is required to develop and execute the project.

The ITE established a number of recommendations that are being addressed in the 2020 project work plan. Completion of these recommendations will allow the commencement of, and guide, the current phase of work that is required to develop and execute the project.

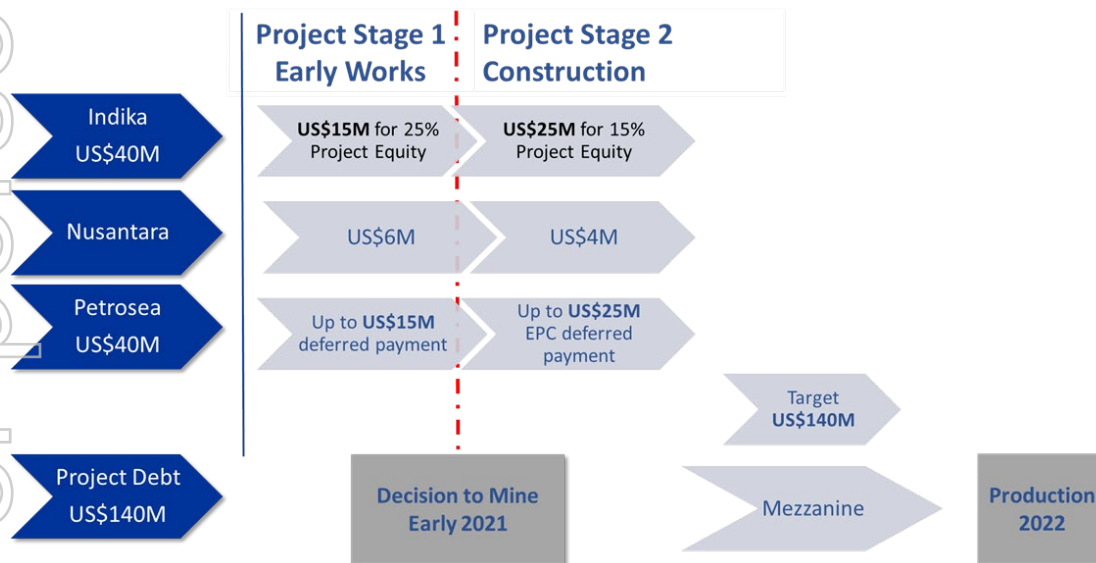
A second phase ITE report is planned to take place following the current front-end engineering and design ('FEED') and close spaced drilling work currently underway. As part of the second phase ITE report, a site visit to Awak Mas may also need to be undertaken.

Indika Investment

Nusantara secured strategic partner Indika in December 2019 providing the opportunity for Indika Group to invest USD40M into the Project Company in two stages to secure a 40% interest in Awak Mas. This first stage investment sees Indika acquire a 25% interest in the Project Company for their USD15M investment. These funds are being applied towards early capital works through to final investment decision, noting the proven credentials of Indika in securing bank financing in Indonesia.

Indika's equity investment in the project vehicle concludes the financing for the Stage 1 Early Works of the Awak Mas development funding strategy.

Awak Mas Development Funding Strategy



Project Financing

² 4 October 2018 ASX announcement titled – Definitive Feasibility Study Completed

³ 29 June 2020 ASX announcement titled - Awak Mas NPV Increases to USD517M

Nusantara intends to finance the development of Awak Mas through a combination of project debt, mezzanine finance and equity. Nusantara has engaged Noah's Rule as a specialist debt and hedge adviser and the ITE report enables meaningful engagement to advance towards a debt financing syndicate. The updated project economics released in June 2020 has been reviewed by the ITE who has provided recommendations to future lenders on suitable cost sensitivities. The Company has modelled this information and believes the forecast Project cashflow support a materially higher debt carrying capacity than envisaged in the October 2018 DFS. An Indicative term sheet will be provided to interested banks based on early engagement in 2019, with the objective of mandating a senior debt syndicate. The Project's forecast cash flow also appears supportive of mezzanine finance, with positive initial engagement with a number of potential mezzanine lenders.

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