

UNDERWRITTEN A\$5.1M ENTITLEMENT ISSUE TO ADVANCE THE AWAK MAS GOLD PROJECT

Funds raised to support the Definitive Feasibility Study, Ongoing Exploration, and Strategic Partner Process

Nusantara Resources Limited ('Nusantara', ASX: NUS) is pleased to announce a proposed non-renounceable entitlement issue to eligible shareholders on the basis of 5 shares for every 19 shares held at the record date at an issue price of A\$0.20 per share to raise up to A\$5.1 million. For every 2 shares subscribed for, eligible shareholders will receive 1 attaching option¹ exercisable at A\$0.30 on or before 5:00pm (WST) 31 July 2021 (the **Offer**).

- **Offer price represents a 20% per cent discount to the 15-day VWAP as at 30 May 2018 and provides eligible shareholders the opportunity to increase their holdings at an attractive price.**
- **Funds raised will be used to support the current Definitive Feasibility Study (DFS) and Strategic Partner Process, and fund ongoing exploration.**
- **The DFS remains on track to be delivered in July 2018.**
- **Major shareholders, Lion Selection Group and AustralianSuper, have pre-committed A\$2.0 million of entitlement broadly in line with their existing shareholdings, a strong sign of ongoing support.**
- **Patersons Securities Limited has agreed to act as Lead Manager and Underwriter to the A\$5.1 million Offer.**

Nusantara intends to lodge a Prospectus in respect of the Offer with the Australian Securities and Investments Commission by the end of this week. Full details on the Offer will be set out in the Prospectus.

The Prospectus will contain details relevant to the Entitlement Issue including a timetable for the Offer, further details on use of funds, potential investment risks and details of the engagement of Patersons as Underwriter and Lead Manager.

Nusantara has continued to add significant value to the Company's flagship Awak Mas Gold Project in South Sulawesi, Indonesia (**Project**), in the short period since the August 2017 IPO through the completion of 10 km of resource definition drilling, advancing the DFS, securing grid power for the Project and renegotiating the Contract of Work to ensure no requirement to divest any part of the Project to Indonesian participants until the end of the 10th year of commercial production².

The Project currently hosts a 1.0 million ounce Ore Reserve³ which is expected to support a ten year mining operation.

¹ The Company intends to seek an ASX listing for these options

² Refer ASX Announcement – 15 March 2018 – Awak Mas Long Term Tenure and Ownership Secured

³ Refer ASX Announcement - 18 April 2018 – Nusantara Delivers Maiden 1 Moz Ore Reserve

Use of Funds

The funds raised from the Offer will mainly be used to further advance the Project through completion of the DFS, fund exploration activities, and advance the Strategic Partner process that is currently underway.

The DFS is planned for release in July 2018 and is now focused on optimisation of the mine plan following completion of the resource, geotechnical and hydrological drilling, and the updated Mineral Resource estimate⁴. The DFS scope has been expanded to incorporate further detailed mine design and scheduling, positive changes to the processing flowsheet and changes to the Tailings Storage Facility to ensure compliance with updated regulatory requirements.

Nusantara is currently engaged in a Strategic Partner negotiation process with Indonesian and Chinese parties to potentially share the funding risk with the planned development of the Project. Interest in the Project has been high and funds raised from the Offer will be used to advance the commercial and legal work required to secure a suitable partner.

Given the eastern extension to the Awak Mas deposit delineated by Nusantara since the IPO, field work is now underway to define a further exploration program targeting additional processing plant feed along the highly prospective Mine Corridor between the Awak Mas and Salu Bulo deposits. This corridor is the highest priority for future exploration given the potential to add to the mine life.

Managing Director, Mike Spreadborough commented: *"We thank our major shareholders Lion Selection Group and AustralianSuper for their on-going support of the Company by committing to take up a combined \$2 million of their entitlements as part of the Offer.*

The entitlement issue will provide the opportunity for investors to continue to be part of the success of this low cost, long life advanced gold project. The funds will provide working capital support during the completion of the DFS and Strategic Partner process, each of which are critical milestones towards the development of the Awak Mas Gold Project."

⁴ Refer ASX Announcement – 8 May 2018 – Mineral Resource Estimate Update

About Nusantara Resources

Nusantara is an ASX-listed gold development company with its flagship project comprising the 1.0 million-ounce Ore Reserve and 2.0 million-ounce Mineral Resource Awak Mas Gold Project located in 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 and grid power, enabling the Project to quickly advance towards development upon completion of the DFS by mid-2018.

Nusantara's second strategy is to grow the resource base and support a mining operation beyond the initial targeted life of 10 years. Multiple drill-ready targets have already been outlined extending from the three main deposits and in other areas of the 140km² CoW.

Website: www.nusantararesources.com

LinkedIn: <https://au.linkedin.com/company/nusantararesources>

For more information regarding this release, please contact:**Mike Spreadborough**

Managing Director / Chief Executive Officer

Nusantara Resources Limited

M: +61 (0)419 329 687

E: mspreadborough@nusantararesources.com**Phil Retter**

Investor Relations

NWR Communications

M: +61 (0)407 440 882

E: phil@nwrcommunications.com.au