BESRA

ANNUAL REPORT 2013

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Management’s Discussion and Analysis

For the year ended June 30, 2013

The following Management’s Discussion and Analysis (“MD&A”) of the financial results of Besra Gold Inc. (formerly known as Olympus Pacific Minerals Inc.) (the “Company” or “Besra”) and its subsidiaries (together, the “Group”) has been prepared for the year ended June 30, 2013 should be read in conjunction with the audited consolidated financial statements and related notes that follow, prepared in accordance with IFRS as issues by the International Accounting Standards Board (“IASB”). This discussion covers the year ended June 30, 2013 and the subsequent period to September 17, 2013.

Other pertinent information on the Company is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar as well as on the Company’s web site at www.besra.com. Besra is listed on the Toronto Stock Exchange under the symbol BEZ and on the Australian Securities Exchange under the symbol BEZ and trades on the OTCQX Bulletin Board (“OTCQX”), an over-the-counter market in the United States under the symbol BSRAF. For the purpose of preparing our MD&A, the Company considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances. All dollar amounts are stated in United States (“US”) dollars unless otherwise indicated.

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Dear Fellow Shareholder,

To say the first half of the 2013 calendar year was a difficult one for mining investors would be an understatement. A plummeting gold price alongside record falls in stock prices has seen many spurn resource equities in favour of “safe haven” assets like bonds, ETFs or pumped up industrial equity markets. This has inflicted maximum pain on the industry and its investors with the value of gold shares relative to gold at the lowest level in more than 70 years.

I believe the softening of prices in early 2013 does not signal the end of gold's bull run. With gold in the mid-1200's approximately 60% of South African gold miners are losing money. Most of the Australian underground gold mining industry cannot be far behind. There is a real temptation in all this to say that what goes up can come down and the mining industry just needs to toughen up and get their costs under control. We think that view is misplaced and fails to recognise one of the biggest drivers for rising costs which has been the decade long collapse in mining grades - these averaged 2.8 grams per tonne in 2002 but by 2011 had tumbled to 1.2 g/t. When you're mining more than twice as much rock to get the same gold, costs have to increase. This is the supply side.

On the demand side we see Asian purchases rising very rapidly should we again go through $1200 on the downside, which is another brake on falls. We can draw relative value conclusions from looking at relationships across a range of asset classes both commodity and monetary, as referred to by Peter Stoeferle in his most recent annual review of the gold market, “In Gold we Trust”.

The general conclusion is that gold remains well below long term averages relative to most other asset classes, especially compared to financial assets. It may well happen that the gold price (i.e. price of a gold futures contract) will be uncoupled from the price of gold (i.e. the price paid to buy physical gold) in order to stop physical gold (which is in relatively short supply) being held hostage by the casino that is the paper gold market. You may not be aware that for every oz of physical gold traded 92 oz of paper gold is traded.

Looking at our own company, we believe that Besra is extremely undervalued based on the reluctance of investors to move cash into the small cap market in the current climate, the perceived Vietnam risk, and a reticence to recognize the extraordinary potential of our Bau property.

Despite a difficult year in global markets, Besra produced over 60,000 oz of gold in FY2013, meeting market guidance, and marking the highest recorded production in the Company's history. In hitting this target, both of our operations in Vietnam, at Bong Mieu and Phuoc Son set and broke records for ore mined and ore processed during the second half of the year.

Besra produced a total of 60,187 oz of gold in FY2013 and sold 52,195 oz, the difference being an increased holding of gold inventory at the end of June and the settlement of the gold loan commitment during the year. Sales of 52,195 oz of gold realized US$82,772,713 at an average price of US$1,586 per ounce. Cash operating cost per ounce sold was US$775, down from US$794 for the previous quarter. All-in costs of US$1,218 are down from US$1,330 in Q3. Looking ahead we have announced a production target for FY2014 of 65-70,000 oz.

In order to drive down costs, we are fulfilling an aggressive cost cutting and efficiency program. Whilst the currently depressed market and decline in gold price have added impetus to this program, it is also the result of a thorough review of our operations and associated costs.

We are also lobbying the Vietnamese government to reduce tax burden in that jurisdiction, in terms of royalties and/or CIT.
Changes in mining methodology and further mill automation leading to reduced consumables and improved recovery rates should contribute to cost reductions and this will continue through the coming year. Additionally, operations in Vietnam are increasing mill throughput and we've seen record tonnages in the latter half of FY2013.

The Board is also investigating all opportunities to maximize the value of its assets in Vietnam. This may include a transaction culminating in the partial divestment by Besra and the possible listing of the company's local operating subsidiaries on the Vietnamese exchange. Any such transaction will improve the balance sheet and enable the company to increase its focus on, and redirect capital towards, development of its main asset at Bau in Eastern Malaysia, which it regards as a world-class goldfield.

Feasibility for the Jugan Hill deposit at Bau is progressing well, with metallurgy and process close to resolution. The internally generated Feasibility Study is currently undergoing an external engineering, procurement and construction management analysis. The Company is targeting public release of the results of the Feasibility Study before the end of CY2013, and intends to outline its roadmap for financing of the entire project at the earliest opportunity.

The Company has also identified significant anomalies along strike from Jugan Hill in geophysical, geochemical, hy-chip and IP surveys, which suggest the ability to significantly increase resources at Jugan sector and extend the mine life of the proposed Stage I production.

Besra is also undertaking a further Feasibility Study for the Ho Ray Thac Trang (HRTT) deposit at its Bong Mieu site in central Vietnam. HRTT hosts a JORC/NI 43-101 resource situated 2.5km east of the Bong Mieu. The Feasibility Study is scheduled for completion in September/October 2013 and we would look to finance the development capital for it from domestic banks.

Both the Bau project in East Malaysia and expansion of Vietnam operations through Ho Ray Thac Trang provide a clear path to improving cashflow.

In the final analysis, our operations in Vietnam will continue to generate cash (and improve if government negotiations bear fruit) and the Bau project is fulfilling its potential and moving into the development phase. We strongly believe that Bau will be a major South East Asian gold field.

Given all of these conditions, we are of the strong view that Besra is worth significantly more than the current market valuation.

Yours faithfully,

Signed: *"John A. G. Seton"*

John A. G. Seton
Chief Executive Officer

COMMUNITY

As our company grows and prospers, we are committed to ensuring that the community shares in the economic benefits of a sustainable mining industry

Besra is committed through a structured approach to managing our interaction with local communities in and around our operations. We are implementing best practices throughout the mine development life-cycle, including exploration, mine development, operations, closure and land reclamation. We are committed to the highest possible standards related to stewardship of the environment, safety, and social responsibility.

At Besra we believe that it's important to be a responsible company. We seek to engage with and enhance the communities near our operations, so that they experience real and long-lasting benefits from our presence.

A selection of our community relations work is photographed below.

Bong Mieu Clean Water Project

Phuoc Son Clean Water Project

Agriculture Program

Women's Health

Education Infrastructure

Employment

BESRA'S 2013 HIGHLIGHTS

The following are a selection of highlights for the year ended June 30, 2013. Further information about Besra can be found on the Company's website and/or at www.sedar.com

OPERATIONAL

- Highest annual gold production in the Company's history
- Achieved market guidance with 60,187 ounces of gold for FY2013
- Significant reduction to operational cost structure brought about by expatriate labour cuts, change of mining methodology and renegotiation of material contracts
- Bai Go mine placed into commercial production
- Record gold recoveries at both Phuoc Son and Bong Mieu
- Throughput at Phuoc Son plant increased sustainably to 1,500 tonnes per day
- Increased production and revenues

DEVELOPMENT AND EXPLORATION

- New 20 year mining license covering the Jugan Hill, Fern Hill and Jambusan deposit areas
- Feasibility drilling delivered a 42% resource increase at Jugan Hill, and 9.4% overall increase at Bau
- Phase 1 metallurgical testing completed at Bau
- Drill results at Jugan Hill show higher grade at depth

CORPORATE AND FINANCIAL

- Significant reduction of corporate costs implemented by way of reduction in number of officers, restructuring of remaining officers remuneration packages, reduction in use of external consultants, and reduction in travel and related costs
- Redeemed in full all outstanding Gold Loan Notes
- Revised payment schedule for North Borneo Gold which holds the Bau Goldfield Project
- Reduced fully diluted share capital by over thirty-six million shares
- Rebranded from Olympus Pacific Minerals Inc. to Besra Gold Inc.
- Increased holding of North Borneo Gold to 85.61%

OPERATIONAL SUMMARY

US$	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Sales	22,244,500	6,725,015	82,772,713	34,552,265	47,976,630
Costs of sales	13,258,270	2,798,953	43,644,257	14,828,440	22,906,966
Gross margin	**8,986,230**	**3,926,062**	**39,128,456**	**19,723,825**	**25,069,664**
Earnings before finance costs, income tax, depreciation, amortization and impairments	**3,665,904**	**(100,330)**	**16,112,826**	**8,762,644**	**7,809,863**
Non-IFRS Measures					
Costs of sales (IFRS)	13,258,270	2,798,953	43,644,257	14,828,440	22,906,966
Gold sold (oz)	15,800	4,211	52,195	20,711	29,249
Operating cash cost per ounce sold (US$)(1)	**839**	**665**	**836**	**716**	**783**
Costs of sales (IFRS)	13,258,270	2,798,953	43,644,257	14,828,440	22,906,966
Inventory adjustment	1,072,569	5,180,344	6,914,872	1,321,259	8,243,703
Total production costs	**14,330,839**	**7,979,297**	**50,559,129**	**16,149,699**	**31,150,669**
Gold produced (oz)	18,482	7,838	60,187	20,362	42,868
Operating cash costs per ounces produced (US$)(2)	**775**	**1,018**	**840**	**793**	**727**
All-in sustaining costs(3)	**1,218**	**1,563**	**1,326**	**1,300**	**1,187**
Operating Data					
Ore milled (tonnes)	152,316	72,115	520,154	143,658	236,281
Grade (g/t Au)	4.10	4.07	3.91	5.38	6.97
Average recovery (%)	92	83	92	82	81
Average realized price (US$)	1,408	1,597	1,586	1,668	1,640

1. Operating cash cost per ounce sold includes mine site operating costs including mining, processing and refining, and inventory adjustments, but is exclusive of royalties, environmental fees, amortization and exploration costs. Refer to the Non-IFRS Measures section of the Company's MD&A.
2. Cash operating cost per ounce produced includes mine site operating costs including mining, processing and refining, but is exclusive of inventory adjustments, royalties, environmental fees, amortization and exploration costs. Refer to the Non-IFRS Measures section of the Company's MD&A.
3. All-in sustaining costs include all cash operating costs per ounce sold including a portion of corporate administration, sales based taxes and government fees and levies. It includes an annualized estimate of sustaining capital and exploration expenditure. It excludes corporate income tax, reclamation and remediation costs. Refer to the Non-IFRS Measures section of the Company's MD&A.

OUTLOOK FOR 2014

2014 Production Guidance

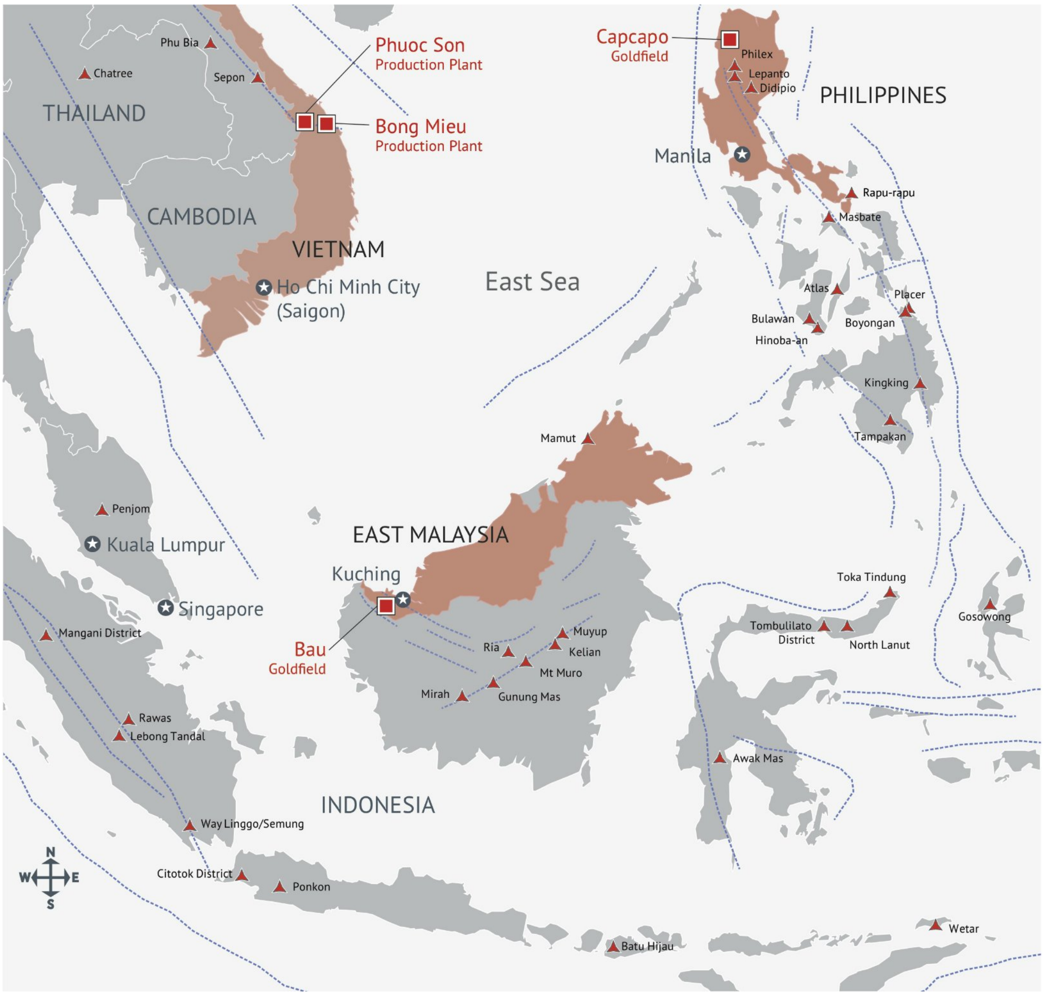
	Phuoc Son	Bong Mieu	Total
Gold (oz)	50,000 - 52,000	15,000 - 18,000	65,000 - 70,000

- Gold price assumed to remain volatile
- Besra will focus its capital expenditure on producing assets
- Bau feasibility completion
- Continuation of cost reduction programs
- Continuation of the transfer of technical knowledge from expatriates to local staff through training and development
- Implementation of plant automation at Phuoc Son and Bong Mieu
- Full implementation of geoscience and mining information management system project to provide a group-wide integrated software for geology, mining and related work

BUSINESS OVERVIEW AND STRATEGY

BESRA'S BUSINESS

Besra is a Canadian diversified gold mining company focused on the exploration, development and mining of mineral properties in South East Asia. The Company has four key properties; the Bau Goldfield in East Malaysia, Bong Mieu and Phuoc Son in Central Vietnam, and Capcapo in the Philippines. Besra expects to expand existing gold capacity in Vietnam over the next two years and is projecting new production capacity from Bau Central during late 2015.



BESRA'S PROPERTIES

Bau Gold Project, Malaysia (85.61%)

The Bau Gold Project comprises consolidated mining and exploration tenements that collectively cover more than 1,340km^2 of the most highly prospective ground within the historic Bau Gold Project in Sarawak, East Malaysia. The property is attributed with significant gold resources; *measured & indicated* 21,285,300 tonnes @ 1.64 g/t Au for 1,124,00 ounces of gold and *inferred* 50,206,400 tonnes @ 1.35 g/t Au for 2,181,600 ounces of gold. The Company is nearing completion of a feasibility study and expects to release the results in October 2013. Besra has agreed to acquire a further 7.94% of North Borneo Gold over the next three years from the Malaysian joint venture partner, bringing the total effective holding to 93.55%.

Phuoc Son Gold Project, Vietnam (85%)

The Phuoc Son Gold Project hosts the Dak Sa Shear Zone containing the underground mines, Bai Dat and Bai Go which have been in commercial production since 2009 and 2011, respectively. The process plant, also within the Dak Sa Shear Zone, was brought into commercial production in July 2011. The property contains multiple gold mineralization zones that are being explored for additional resources.

Bong Mieu Gold Project, Vietnam (80%)

The Bong Mieu gold property consists of the Ho Gan open-pit and underground deposits, the Nui Kem underground mine and the Ho Ray -Thac Trang deposit. The Ho Gan open-pit mine was mined out with operations ceasing in April 2012 and the Ho Gan underground operation was closed in August 2012 due to low grade. Nui Kem has been in commercial production since 2009. The property contains multiple gold mineralization zones that are being explored for additional resources.

Capcapo Gold Property, Philippines

The Capcapo Gold Property is located in Abra Province approximately 80km north of the prolific Baguio-Mankayan Gold District in the Northern Philippines. Besra, in consortium with a Philippine company controlled by Philippines nationals, has an option to acquire up to a 60% interest in the Capcapo Gold Project. Capcapo is a large relatively unexplored project analogous to productive deposits within the nearby Baguio mining district. Ore grade Au-Cu mineralization outcrops at surface and drilling indicates grade increases at depth.

Tien Thuan Gold Project, Vietnam (75%)

The Tien Thuan Gold Project lies approximately 50km west of the port city of Quy Nhon in Binh Dinh Province in Southern Vietnam. The project area broadly encompasses about 100km^2 of hilly terrain containing numerous hard rock and alluvial gold occurrences, within and peripheral to a large, multiphase intrusive complex of predominately felsic composition. Quartz veins extend over 15km of strike. Two discrete intrusive complexes featuring vein and disseminated molybdenum mineralization have been discovered. Geological mapping has revealed outcropping features that are broadly consistent with economically productive circum-pacific porphyry (copper-molybdenum-gold-silver) deposits.

GR Enmore Gold Project, Australia

The GR Enmore Gold Project covers approximately 325km^2 within the Enmore-Melrose Goldfield of northeastern New South Wales, Australia. Besra holds a 100% interest in one exploration license covering 158.76km^2 and is earning an 80% interest in two exploration licenses covering 35.28km^2. The geological setting is broadly analogous to that at the nearby Hillgrove copper mine.

BESRA'S RESERVES AND RESOURCES

RESERVES AND RESOURCES (NI 43-101)

The Company's estimated global reserves and resources at June 30, 2013 are summarized in the table below (shown after depletion by mining production up to the quarter end).

Reserves	Classification	Tonnes	Au g/t	Au Ounces
Bong Mieu[1]	Proven	0	n/a	0
	Probable	109,312	2.04	7,169
	Total P&P	**109,312**	**2.04**	**7,169**
Phuoc Son[2]	Proven	102,047	8.31	27,265
	Probable	353,662	6.84	77,810
	Total P&P	**455,709**	**7.17**	**105,075**

Resources (measure and indicated include proven and probable)	Classification	Tonnes	Au g/t	Au Ounces
Bong Mieu[3]	Measured	973,660	2.02	63,080
	Indicated	2,130,905	1.57	107,642
	Total M&I	**3,104,565**	**1.71**	**170,722**
	Inferred	4,729,320	1.40	212,930
Bong Mieu, Ancillary Metal Credits[6]	Measured			29,686
	Indicated			54,655
	Total M&I			**84,341**
	Inferred			76,571
Bong Mieu, Historic (JORC 1993)	Measured	24,200	5.00	3,890
	Indicated	192,700	6.60	40,890
	Total M&I	**216,900**	**6.42**	**44,780**
	Inferred	1,220,000	8.00	313,792
Phuoc Son[4]	Measured	40,946	18.55	24,423
	Indicated	215,057	14.13	97,709
	Total M&I	**256,003**	**14.84**	**122,132**
	Inferred	2,404,328	5.96	460,910
Bau[5]	Measured	3,405,600	1.52	166,900
	Indicated	17,879,700	1.67	958,000
	Total M&I	**21,285,300**	**1.64**	**1,124,900**
	Inferred	50,206,400	1.35	2,181,600

Reserves	Classification	Tonnes	Au g/t	Au Ounces
Global	Proven	102,047	8.31	27,265
	Probable	462,974	5.71	84,979
	Total P&P	**565,021**	**6.18**	**112,244**

Resources	Classification	Tonnes	Au g/t	Au Ounces
Global	Measured	4,420,206	2.00	284,089
	Indicated	20,225,662	1.87	1,218,006
	Total M&I	**24,645,868**	**1.90**	**1,502,095**
	Inferred	57,340,048	1.59	2,932,011

NOTES TO RESERVES AND RESOURCES TABLE

1. Bong Mieu Reserve Estimate

Bong Mieu reserves were estimated by Besra in accordance with National Instrument NI 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") and the Council of the Canadian Institute of Mining, Metallurgy and Petroleum definitions & standards and were independently reviewed by Terra Mining Consultants and Stevens & Associates ("TMC/SA") in March 2009. A copy of the TMC/SA technical report entitled "Updated Technical Review of Bong Mieu Gold Project in Quang Nam Province, Vietnam", dated April 2009 can be found in the Company's filings at www.sedar.com. Deposit notes and reserve impairments as at June 30, 2013 are as noted below:

1.1 Ho Gan Deposit

Lower and upper grade-cutoffs are 0.80 g/t Au and 10.00 g/t Au respectively. The mining dilution factor is 10% @ 0.30 g/t Au.

No new reserves were developed to JORC/NI43-101 standards and no mining was conducted during the quarter ended June 30, 2013. Accordingly, the remaining reserve remains the same as was reported in the quarter ended September 30, 2012.

1.2 Ho Ray -Thac Trang Deposit

Reserves have been estimated to Vietnamese standards. Because these do not meet JORC/NI43-101 standards, they are not herein disclosed.

1.3 Nui Kem Deposit

No JORC/NI43-101 reserves have yet been estimated.

2. Phuoc Son (Dak Sa) Reserve Estimate

Dak Sa (Bai Dat and Bai Go Sector) reserves were estimated by Besra (based on a 3.00 g/t Au stope cut-off, practical stope layouts and the application of appropriate mining dilution rules and minimum width criteria) in accordance with NI 43-101 and the Council of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIMM") definitions & standards. This estimate was independently audited by TMC/SA in March 2008. This TCM/SA report entitled "Technical Report on the Phuoc Son Project in Quang Nam Province, Vietnam"(March 2008), is within Company filings at www.sedar.com. Deposit notes and reserve impairments as at June 30, 2013 are as noted below:

2.1 Bai Dat Sector

During the quarter ended June 30, 2013, mining of Bai Dat deposit continued down to Level 6. No new JORC/NI43-101 status reserves were developed during the quarter ended June 30, 2013. Accordingly, the remaining reserves were determined by deducting the ore mined during the quarter ended June 30, 2013 from the previous quarter reserve. The ore mined was determined by underground survey, reconciled with the official milled tonnage (by weightometer). The Bai Dat reserve estimate employed a lower grade-cutoff of 3.00 g/t Au and an upper cutoff of 100.00 g/t Au.

2.2 Bai Go Sector

During the quarter ended June 30, 2013, ore was mined from the Bai Go ore body. No new (NI 43-101 status) reserves were developed. Accordingly, the Bai Go reserve as at June 30, 2013 was determined by deducting the ore mined during the quarter ended June 30, 2013 from the previous quarter reserve. The ore mined was determined by underground survey, reconciled with milled tonnage (by weightometer). The March 2008 reserve estimate employed a lower grade-cutoff of 3.00 g/t Au and an upper cut of 80.00 g/t Au.

3. Bong Mieu Resource Estimate

Bong Mieu resources were initially estimated by Besra (in accordance with NI 43-101 and CIMM definitions & standards) and independently audited/updated by Watts Griffis and McOuat (WGM) ("A Technical Review of the Bong Mieu Gold Project in Quang Nam Province, Vietnam"), in September 2004, by TMC/SA ("Technical Review of the Bong Mieu Gold Project in Quang Nam Province, Vietnam") in August 2007 and by TMC/SA ("Updated Technical Review of Bong Mieu Gold Project in Quang Nam Province, Vietnam") in April 2009. Copies of these reports can be found within Company filings at www.sedar.com. Deposit notes and resource impairments as at June 30, 2013 are as noted below:

3.1 Bong Mieu Central (Ho Gan) Deposit

During the quarter ended June 30, 2013, no mining was conducted and no new (NI43-101 status) resources were estimated. The June 2013 JORC/NI 43-101 resource therefore remains the same as reported in the quarter ended September 30, 2012.

3.2 Bong Mieu East (Ho Ray-Thac Trang) Deposit

During the quarter ended June 30, 2013, no mining was conducted. An internal (NI43-101/CIMM status) block model resource estimate (Bong Mieu-East Mineral Resource Update, March, 2011) is the basis for the June 2013 resource statement. This estimate incorporated upper and lower grade cutoffs of 0.5 g/t Au and 10 g/t Au respectively. The previous estimate was from an April 2009 independent review by TMC/SA (refer above), which incorporated drilling completed by Besra during 2008 (using upper and lower grade cutoffs of 0.5 g/t Au and 10 g/t Au respectively) to update prior NI43-101 and CIMM standard estimates/audits.

3.3 Bong Mieu South (Nui Kem) Deposit

The Nui Kem underground resource is a Historic estimate; being an independent estimate by Continental Resource Management Pty Ltd (CRM) in 1993, in accordance with JORC (1989) standards. This estimate used lower and upper grade-cutoffs of 3.00 g/t Au and 30.00 g/t Au respectively. Although this CRM estimate pre-dates NI 43-101, it was independently reviewed by Watts, Griffis and McOuat ("WGM") in 1997 and again in 2007 by TMC/SA (refer above).

Neither WGM nor TMC/SA audited the CRM estimate, nor did they attempt to reclassify the Nui Kem resource to meet NI43-101 standards. Nonetheless, both independent consultant groups consider it to have been carried out in a manner consistent with standard industry practice of the time and deem it to be relevant and of historic significance. It is accordingly herein reported as a historical resource.

During the quarter ended June 30, 2013, Besra continued mining production from trial stoping and underground exploration developments. However, the Historic resource is not impaired by this production because the production was external to the CRM resource boundaries. Depth considerations effectively preclude resource drilling from surface, but it is anticipated sufficient data will become available from underground drilling and exploratory headings to enable a new NI 43-101 compliant estimate to be prepared in due course.

4. Phuoc Son (Dak Sa) Resource Estimate

Dak Sa (Bai Dat and Bai Go Sector) resources were estimated by Besra in January 2008, in accordance with NI 43-101 and CIMM definitions & standards. This estimate was independently reviewed by TCM/SA in a technical report entitled “Technical Report on the Phuoc Son Project in Quang Nam Province, Vietnam”, dated March 2008, copy of which can be found in the Company's filings at www.sedar.com. A prior independent review (by Watts, Griffis and McOuat Limited) entitled “A Technical Review of the Phuoc Son Gold Project in Quang Nam Province, Vietnam”, dated January 30, 2004 can also be found in the Company's filings at www.sedar.com. Current resources include an in-house estimate of additional resources conducted in May 2010. Deposit notes and resource impairments as at June 30, 2013 are as noted below:

4.1 Dak Sa South (Bat Dat) Deposit

During the quarter ended June 30, 2013, mining of the Bai Dat deposit continued, but no additional (NI43-101 status) resources were defined. Accordingly, the June 30, 2013 resource (which includes reserves) was determined by deducting the quarter ended March 31, 2013 mining depletion from the resource remaining at end of the quarter ended December 31, 2012. The Dak Sa South estimate (refer above) employed an upper grade cutoff of 100.00 g/t Au, with no lowercut.

4.2 Dak Sa North (Bai Go) Deposit

During the quarter ended June 30, 2013, underground mining of the Bai Go ore body continued. No new (NI 43-101 status) resources were estimated. Accordingly, the Bai Go June 2013 resource was determined by deducting the ore mined during the quarter ended June 30, 2013 from the previous quarter resource. The ore mined was determined by underground survey, reconciled with milled tonnage (by weightometer). The Dak Sa North resource estimate employed an upper grade cutoff of 80.00 g/t Au , with no lowercut.

5. Bau Resource Estimate

No mining was conducted at Bau Project during the quarter ended June 30, 2013. Current Bau resources are pursuant to an estimate conducted by TMC/SA, dated February 28, 2012. This estimate employed lower grade-cutoffs of 0.50 g/t Au and 2.00g/t Au respectively for near surface (open-pit) and deeper (u/g) deposits. Upper cutoffs ranged from 3.3 g/t Au in respect of tailings and from 6.47 g/t Au to 33.13 g/t Au in respect of other deposits, depending upon grade statistics for each deposit. This estimate supersedes an earlier estimate by the same consultants dated June 15, 2010.

A prior estimate (of partial Bau resources) was completed in November 2008 by Ashby Consultants Ltd (ACL) of New Zealand. The ACL estimate (conducted in accordance with JORC standards) is superseded by the TMC/SA estimate, which was conducted in accordance with NI 43-101 and CIMM definition standards. Copy of the 2010 TMC/SA technical report in respect of the Bau resource estimate may be viewed within the Company's filings at www.sedar.com.

Ongoing Bau project resource drilling during 2012 enabled an (in-house) resource update (December 2012) in respect of the Jugan Deposit. This update used industry standard methods to incorporate the results of 2012 drilling. The results of this (Jugan) upgrade are incorporated within quarter ended June 30, 2013 resource table.

6. Ancillary Metals

The gold-equivalent value of the Tungsten in the Bong Mieu East Resource was calculated using Tungsten value of US$300/MTU and gold value of US$1,470/oz. Other metals, such as silver, copper, lead, zinc and fluorine, have not been included in the quarter ended June 30, 2013 estimate because they are of insignificant value or uneconomic to recover.

THE BUSINESS ENVIRONMENT

Six critical business factors impact the Company's performance:

Mineral Reserves and Resources. Our mineral reserves and resources are the foundation of the Company's business. They have a direct impact on feasibility and scoping studies and the value of our Company. Our mineral reserves and resources also dictate how much ore the Company can produce, and for how many years it can be produced. The grade of ore mined can vary from year to year. This has a significant impact on the volume of metal sold, and on the Company's financial results.

Gold Price. The price received for the gold produced and sold has a direct impact on Company profitability. The price of gold also has a direct bearing on feasibility studies that the Company has or may complete in the future, increasing or decreasing the potential rate of return on a project. The price of gold may also have a bearing on the Company's ability to access capital to explore or develop.

Licensing. In order to explore, develop or conduct mining operations in the jurisdictions in which it operates, the Company must comply with all applicable local regulations and laws relating to the establishment or creation of an entity authorized to conduct business in the local jurisdiction and the obtaining of all required permits, licenses and certificates. Without complying with all applicable laws and regulations, the Company could not conduct its activities. For more information on licenses, please refer to the key license schedule on page 11.

Cost Changes. A changing cost, royalty and taxation environment has a direct impact on financial results of the Company. It also impacts the results of feasibility studies making a project more or less attractive to develop in the future. For example, the Vietnamese government, as recently as 2010, increased royalties and export tax on gold production. In addition, capital costs for most projects worldwide have increased substantially due to the higher costs of mining related equipment and consumables the price of which is mostly determined by global supply and demand and supply.

Exchange Rates. Company revenue is exclusively denominated in US dollars, but because the Company operates principally in Southeast Asia, costs are in several different currencies. The Company is most affected by changes in the exchange rates among the Canadian dollar, US dollar, Australian dollar, Malaysian ringgit, the Vietnamese dong and the Philippines peso. As the Company's cash is mostly held in US dollars, future changes in the relationship between the US dollar and other currencies can have a direct impact on funds available for future spending.

Human Resources. People are critical to the Company's success. During the 2014 fiscal year, the Company will continue to enhance its Human Resource Management in terms of: teamwork; employment relations; organization design and development; the transferring of skills from expatriate employees to appropriately trained local employees; talent acquisition; and the retention, training and development of key people to maximize their contribution to the achievement of the Company's goals.

RESULTS OF OPERATIONS AND EXPLORATION UPDATE

PHUOC SON GOLD PROJECT, VIETNAM

BACKGROUND

The Phuoc Son gold project covers an area of $70km^2$ and is located in the western highlands of Quang Nam Province in Central Vietnam, 74km away from the Bong Mieu property. The property includes the Dak Sa Shear Zone containing the underground mines, Bai Dat and Bai Go which have been in commercial production since 2009 and 2011, respectively. The process plant, also within the Dak Sa Shear Zone, was brought into commercial production in July 2011. The Phuoc Son property also contains multiple gold mineralization zones that are being explored for additional resources.

STRUCTURE

Besra, through its subsidiary, New Vietnam Mining Corporation (“NVMC”), holds an 85% interest in the Phuoc Son Gold Project. In 2003, NVMC entered into a joint venture with Mien Trung Industrial Company (“Minco”), a mining company then controlled by the local provincial government, to form the Phuoc Son Gold Company (“PSGC”) with Minco holding the remaining 15%. PSGC has an investment certificate on the Phuoc Son property. Joint venture profits are to be shared in proportion to ownership once funding requirements are met. After five years from the end of the period in which PSGC makes a profit for 12 consecutive months, Minco can increase its interest by 15% to 30%, if Minco chooses to acquire such interest from NVMC, by paying fair market value. After 20 years, Minco can increase its interest to a total of 50%, if Minco chooses to acquire such additional 20% interest from NVMC, by paying fair market value. Fair market value shall be determined by using an independent accounting firm to perform the fair market value assessment and that assessment will be considered final and binding for both parties. If Minco does not proceed to exercise its rights of acquisition within three months from the dates of entitled acquisition, Minco will be considered as having waived its right to acquire the interest. Besra manages the exploration and operation programs on the property on behalf of the joint venture.

The Company pays the Vietnam Government a royalty equal to 15% of the sales value of gold production in Vietnam from Phuoc Son.

SUMMARY OF OPERATING RESULTS - PHUOC SON

	3 months Mar 31, 2013	3 months Jun 30, 2013	Change (%)	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Financial Data (US$)							
Gold sales	13,869,750	13,195,900	(5)	2,007,861	56,514,959	25,046,282	32,136,649
Cost of sales	6,392,812	8,685,159	36	1,588,113	28,852,400	7,357,872	10,570,861
Royalties	1,782,582	2,154,260	21	713,044	8,570,684	3,959,557	5,869,085
Environment fees	866,376	879,781	2	284,599	2,915,597	563,827	—
Depreciation and amortization	3,411,892	4,843,476	42	3,812,421	14,980,053	8,058,260	9,391,203
Earnings from mine operations	**1,416,088**	**(3,366,776)**	**(338)**	**(4,390,316)**	**1,196,225**	**5,106,766**	**6,305,500**
Operating Data							
Ore milled (tonnes)	97,907	96,796	(1)	34,451	336,217	63,812	87,528
Grade (g/t Au)	3.30	4.77	45	4.50	4.31	7.47	11.00
Mill recoveries (%)	94	94	—	91	94	93	92
Gold produced (oz)	9,717	13,976	44	4,549	43,698	14,301	29,726
Operating cash cost per ounce produced[1]	**911**	**700**	**(23)**	**641**	**783**	**524**	**520**
Ounces sold (oz)	8,550	9,310	9	1,194	35,313	15,013	19,423
Operating cash cost per ounce sold[2]	**748**	**933**	**25**	**1,330**	**817**	**490**	**544**
All-in sustaining costs[3]	**1,253**	**1,051**	**(16)**	**1,236**	**1,287**	**1,190**	**1,023**
Realized gold price	**1,622**	**1,417**	**(13)**	**1,682**	**1,600**	**1,668**	**1,655**
Costs per Tonne Milled (US$)							
Cost of sales (IFRS)	6,392,812	8,685,159	36	1,588,113	28,852,400	7,357,872	10,570,861
Inventory adjustment	2,458,099	1,096,208	n/a	1,327,960	5,361,473	140,514	4,885,127
Total costs of ore produced	**8,850,911**	**9,781,367**	**11**	**2,916,073**	**34,213,873**	**7,498,386**	**15,455,988**
Mining	40.02	41.35	3	43.24	41.74	50.50	53.87
Processing	32.83	33.53	2	25.41	35.45	39.41	59.56
Mine Overheads	16.52	19.64	19	15.99	19.69	27.60	63.16
Total cost per tonne of ore	**89.37**	**94.52**	**6**	**84.64**	**96.88**	**117.51**	**176.59**

1. Operating cash cost per ounce produced includes all operating cash costs including site administration but excludes government fees and levies. Refer to the Non-IFRS Measures section of the Company's MD&A.
2. Operating cash cost per ounce sold includes all operating cash costs including site administration but excludes government fees and levies. Refer to the Non-IFRS Measures section of the Company's MD&A.
3. All-in sustaining costs include all cash operating costs per ounce sold including a portion of corporate administration, sales based taxes and government fees and levies. It includes an annualized estimate of sustaining capital and exploration expenditure. It excludes corporate income tax, reclamation and remediation costs. Refer to the Non-IFRS Measures section of the Company's MD&A.

KEY FINANCIAL INFORMATION - PHUOC SON

(US$) As at	Jun 30, 2013	Jun 30, 2012
Net deferred exploration and development	8,243,659	14,459,319
Property, plant and equipment	15,635,904	27,098,950

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Spending on exploration and development activities	1,335,057	1,141,194	4,801,604	3,423,955	5,826,577
Expenditure on property, plant and equipment	1,575,053	540,546	2,235,529	774,741	8,832,610

PRODUCTION AND OPERATING STATISTICAL RESULTS - PHUOC SON

Phuoc Son Process Plant

Production during the quarter ended June 30, 2013 increased compared to the same quarter last year due to increased plant capacity (resulted in 2.8 times more milled ore), higher recovery achieved and better grade.

During the quarter ended June 30, 2013 the 44% increase in gold production compared to the previous quarter is due to the higher feed grades (4.77 g/t Au in the quarter ended June 30, 2013 compared with 3.3 g/t Au during the previous quarter ended March 31, 2013).

During the year ended June 30, 2013 costs per tonne milled has reduced to US$96.88 compared with US$117.51 and US$176.59 in the six months ended June 30, 2012 and the year ended December 31, 2011.

Continuous focus on improvement of the plant throughput resulted in the daily record being surpassed five times across the quarter, reaching 1,612 tonnes per day on May 24, 2013.

Bai Dat

Total ore milled during the quarter ended June 30, 2013 was 17,845 tonnes at 8.25 g/t Au. This is a 248% increase in tonnage and 62% increase in grade compared to the previous quarter. The improvement is due to the extraction of high grade pillars and remnant ore from three working areas. Total development advance was 129 meters.

Concurrent with the mining activities at Bai Dat B45/46 and at Level 1, installation of ground supports (cribsets, pre-stressed stulls, hydrabolts and friction bolts) continued through the period.

Bai Go

Total ore milled was 78,951 tonnes at 3.99 g/t Au. This is a 15% decrease in tonnage and 25% increase in grade compared to the previous quarter. Total development advance was 210 meters, a 33% decrease compared to the previous quarter. The Bai Go decline was suspended after reaching 420 elevation to prioritize ore production.

The first cable bolts were successfully installed at L3 Drift North, which will allow safe extraction of ore by open stoping.

Commissioning of Bai Go Cemented Aggregate Fill backfilling setup in May 2013 allowed for mining of over 3,000 tonnes of high grade ore. Cemented Rock Fill backfilled headings account for 29% of Bai Go's production.

Phuoc Son General

The daily ore mined record was broken four times across the quarter, reaching 1,828 tonnes on June 21, 2013; weekly ore mined record was broken five times and reached 11,313 tonnes in the last week of June; record monthly ore mined of 45,970 tonnes was achieved in June; and the quarterly ore mined record of 109,004 tonnes was achieved in the quarter ended June 30, 2013.

Improvement in mobile equipment availability through training programs and management was achieved during the quarter ended June 30, 2013.

In May 2013 there was a roadblock which resulted in reduced production at the Phuoc Son Gold Project for five days. Besra successfully negotiated with the local hamlet, commune and district authorities for the opening of this roadblock. Dialog with community and government entities to improve relations is ongoing.

Phuoc Son Gold Project

Two surface drilling rigs and one underground rig were contracted from Intergeo Company (ex Hanoi) and mobilized to Phuoc Son in March 2013.

Bai Dat

Fourteen underground drill holes were drilled to test the down-dip projections of the Bai Dat ore body below Level 6. Mineralization consistent with that exposed in Level 6 was intersected down-dip. Drilling however was constrained by the intersection of groundwater under high-pressure in some of the holes. 3D modeling of the drill intercepts has been completed for internal planning purposes.

Bai Go

The planned Bai Go underground drilling program has been deferred.

Dak Sa Peripheral Exploration

Geological mapping/sampling and a Phase 1 surface scout diamond drilling program (comprising 2,150 meters in 18 holes) commenced in March 2013; 2,131 meters were drilled in 11 holes within the Bai Cu, Bai Go-East and Bai Gio prospect areas.

Area	Holes Drilled	Results
Bai Cu	7	Dak Sa Shear traced progressively to the south
Bai Go-East	2	Target diorite found to not be a younger intrusive
Bai Goi	2	Bai Go veinpartially tested

At Bai Cu, step-out drilling was conducted along the southern strike projection of the Dak Sa Shear to test for repetitions of the Bai Dat orebody. Although no ore zones were intersected, drilling in the promising BLEG Creek catchment was curtailed before the most prospective zone could be drilled.

At Bai Go-East, the dioritic body was found to be structurally conformable within the Nui Vang mafic/ultramafic sequence, rather than a younger intrusive.

At Bai Gio, two holes started to test gold grade distribution within the Bai Gio quartz vein. Although grades encountered within these holes were subeconomic, the bulk of the vein remains as yet untested.

The Khe Ri, Hoa Son, K7 and Tra Long prospect areas presently remain untested by this program.

Licensing

Exploration License Application

Two exploration license applications have been prepared for lodgment. The first is a small (3km^2) exploration license designed to cover the immediate area around the Dak Sa mining license only. The second is a 26km^2 exploration license covering peripheral prospect areas.

OUTLOOK TO JUNE 30, 2014

- Develop Bai Dat to Level 7
- Commence application for new tailings dam in Phuoc Son
- Continue cost reduction plans
- Obtain exploration licenses for the Dak Sa and peripheral prospect areas
- Continue knowledge transfer from expatriate to local staff through training and development

RESULTS OF OPERATIONS AND EXPLORATION UPDATE

BONG MIEU GOLD PROJECT, VIETNAM

BACKGROUND

The Bong Mieu Gold Mining property is located in Tam Lanh Commune of the Tam Ky District in the southeast corner of Quang Nam province in Central Vietnam. The property consists of the Ho Gan open-pit and underground deposits, the Nui Kem underground mine and the Ho Ray -Thac Trang deposit. The Ho Gan open-pit mine was brought into commercial production in 2006 and has subsequently been mined out with operations ceasing in April 2012 and the Ho Gan underground operation was closed in August 2012 due to low grade. Nui Kem has been in commercial production since the second quarter of 2009 following the Bong Mieu plant upgrade. Exploration to date has demonstrated additional geological potential in the east area of the property as well as a number of new surface showings requiring further work and evaluation. The Company intends to dedicate further exploration efforts towards defining and expanding the resource.

STRUCTURE

Besra, through its holding companies, holds an 80% ownership interest in Bong Mieu Gold Mining Company Limited (BMGMC), a joint venture enterprise incorporated in Vietnam, which has surface rights to the Bong Mieu Gold Property. The other 20% is owned by two Vietnamese organizations, MIDECO (10%) and MINCO (10%). The Vietnamese partners have not, at this stage, paid their share of the funding requirements. Joint venture profits are to be shared in proportion to ownership once funding requirements are met. Besra manages the exploration and operation programs on the property on behalf of the joint venture.

The Company pays the Vietnam Government a royalty equal to 3% of the sales value of gold production in Vietnam from Bong Mieu.

SUMMARY OF OPERATING RESULTS - BONG MIEU

	3 months Mar 31, 2013	3 months Jun 30, 2013	Change (%)	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Financial Data (US$)							
Gold sales	5,942,750	9,048,600	52	4,717,154	26,257,754	9,505,983	15,839,981
Cost of sales	4,354,885	4,573,111	5	3,885,368	14,791,857	7,470,568	12,336,105
Royalties	167,847	205,186	22	156,657	733,944	305,316	524,118
Environment fees	294,652	362,842	23	289,833	1,224,578	639,230.07	—
Depreciation and amortization	1,626,073	898,889	(45)	2,710,073	4,442,180	3,734,675	3,785,709
Earnings from mine operations	**(500,707)**	**3,008,572**	**(701)**	**(2,324,777)**	**5,065,195**	**(2,643,806)**	**(805,951)**
Operating Data							
Ore milled (tonnes)	53,483	55,520	4	37,664	183,937	79,846	148,753
Grade (g/t Au)	2.58	2.83	10	3.56	3.19	3.19	3.69
Mill recoveries (%)	87	89	2	76	87	74	74
Gold produced (oz)	3,872	4,506	16	3,290	16,489	6,061	13,142
Operating cash cost per ounce produced[1]	**1,085**	**1,010**	**(7)**	**1,539**	**991**	**1,427**	**1,194**
Ounces sold (oz)	3,650	6,490	78	3,017	16,882	5,698	9,826
Operating cash cost per ounce sold[2]	**1,193**	**705**	**(41)**	**1,288**	**876**	**1,311**	**1,255**
All-in sustaining costs[3]	**1,480**	**1,393**	**(6)**	**2,035**	**1,381**	**1,931**	**1,533**
Realized gold price	**1,628**	**1,394**	**(14)**	**1,564**	**1,555**	**1,668**	**1,612**
Costs per Tonne Milled (US$)							
Cost of sales (IFRS)	4,354,885	4,573,111	5	3,885,368	14,791,857	7,470,568	12,336,105
Inventory adjustment	(152,647)	(23,639)	n/a	1,177,856	1,553,399	1,180,745	3,358,577
Total costs of ore produced	**4,202,238**	**4,549,472**	**8**	**5,063,224**	**16,345,256**	**8,651,313**	**15,694,682**
Mining	54.66	49.82	(9)	66.59	54.06	45.99	37.20
Processing	22.86	25.04	10	37.53	24.85	37.89	41.49
Mine Overheads	17.33	24.34	40	30.31	25.89	24.47	26.82
Total cost per tonne of ore	**94.85**	**99.20**	**5**	**134.43**	**104.80**	**108.35**	**105.51**

1. Operating cash cost per ounce produced includes all operating cash costs including site administration but excludes government fees and levies. Refer to the Non-IFRS Measures section of the Company's MD&A.
2. Operating cash cost per ounce sold includes all operating cash costs including site administration but excludes government fees and levies. Refer to the Non-IFRS Measures section of the Company's MD&A.
3. All-in sustaining costs include all cash operating costs per ounce sold including a portion of corporate administration, sales based taxes and government fees and levies. It includes an annualized estimate of sustaining capital and exploration expenditure. It excludes corporate income tax, reclamation and remediation costs. Refer to the Non-IFRS Measures section of the Company's MD&A.

KEY FINANCIAL INFORMATION - BONG MIEU

(US$) As at	Jun 30, 2013	Jun 30, 2012
Net deferred exploration and development	5,248,718	6,145,341
Property, plant and equipment	406,499	1,531,538

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Spending on exploration and development activities	381,295	470,224	1,264,230	1,368,621	4,454,018
Expenditure on property, plant and equipment	73,586	373,067	1,088,430	634,918	926,252

PRODUCTION AND OPERATING STATISTICAL RESULTS - BONG MIEU

Bong Mieu Process Plant

Production during the quarter ended June 30, 2013 increased compared to the same quarter last year due to higher recovery and better grade.

During the year ended June 30, 2013 costs per tonne milled has reduced to US$104.80 compared with US$108.35 for the six months ended June 30, 2013 and US$105.51 for the year ended December 31, 2011.

During the quarter ended June 30, 2013, 4,506 ounces of gold were produced, a 16% increase compared to the previous quarter. Historically stockpiled low grade Ho Gan open-pit ore was used to feed the mill when capacity allowed.

The daily mill throughput record was broken twice during the quarter, reaching 682 tonnes on June 28, 2013. The monthly mill throughput record was set in May with 18,854 tonnes.

Nui Kem

Total ore milled at Nui Kem was 55,520 tonnes at 2.83 g/t Au. The tonnage increased 4% compared to the previous quarter.

Lateral drive advance is 194 meters compared to the previous quarter's 250 meters. Vertical drive advance was 358 meters compared to the previous quarter's 162 meters.

The Company commenced driving of L24 decline during the quarter ended June 30, 2013.

Bong Mieu General

Besra security, Viet Ha and local police conducted 14 seizures against illegal mining operations in the Nui Kem and Ho Gan areas.

Preparation of the Ho Ray Thac Trang feasibility study is ongoing and scheduled for completion in September 2013.

EXPLORATION REPORT - BONG MIEU

Nui Kem

Three drill bays are currently under construction, from which fourteen holes have been planned.

Ho Ray Thac Trang

Lodgment of the Ho Ray Mining License Application (MLA) has been delayed due to enhancements to the mine plan, Tailing storage facility design-work and the consequent need for environmental impact assessment (EIA) amendments. The EIA will be ready for submission in the quarter ending December 31, 2013. After approval has been received from Vietnamese authorities, the MLA may be lodged.

Licensing

Exploration License Application

Three exploration license applications have been prepared for lodgment.

Mining License Application

The Ho Ray MLA, with supporting Feasibility Study and Environmental Impact Assessment, may be lodged by December 31, 2013.

OUTLOOK TO JUNE 30, 2014

- Complete Feasibility study for Ho Ray Thac Trang
- Continue to explore and develop the Nui Kem upper vein at L23
- Continue operations cost reduction plans (majority were executed in late June 2013)
- Continue knowledge transfer from expatriate staff to local staff through training and development

EXPLORATION UPDATE AND DEVELOPMENT ACTIVITIES

BAU GOLD PROJECT, MALAYSIA

BACKGROUND

The Bau property is a brown-field project, spread over a large geographic area, in which the Company is in consortium with a Malaysian company with material Bumiputra interest that owns rights to consolidated mining tenements covering much of the historic goldfield. Besra holds an 85.61% controlling interest in North Borneo Gold (Bau) and has agreed to acquire a further 7.94% from the local Malaysian joint venture partner, which will bring its total effective holding to 93.55% in September 2015.

The Bau Gold Project comprises consolidated mining and exploration tenements that collectively cover more than 1,340km^2 of the most highly-prospective ground within the historic Bau Goldfield, in Sarawak, East Malaysia. Operating since 1864, this goldfield has estimated historic gold production of more than three million ounces of gold including recorded production of 1.5 million ounces of gold. Regional analogy with goldfields across the border in Kalimantan Province, Indonesia suggests significantly greater remaining potential. The Bau resource comprises multiple deposits, all of which remain open with potential for further expansion through continuing exploration. The deposits comprise several different mineralization styles and have to date been drilled only to shallow depth.

The central goldfield area has been the principal focus of exploration since commencement of the joint venture in November 2006. An independent consultant commissioned by Zedex Minerals Limited established a JORC status gold resource of 1.612 million ounces in three near-surface deposits (Jugan Hill, Pejiru and Sirenggok), and in auriferous tailings at the historic Bukit Young Goldmine Sdn Bhd ("BYG") open pit. Besra subsequently commissioned an independent consultant during the first half of 2010 to undertake a NI 43-101 compliant re-estimation of these resources including deposit extensions and adjacent zones. This 2010 estimate established a JORC/NI 43-101 compliant gold resource of 563,900 ounces measured and indicated and 1,888,500 ounces inferred. Potential for substantial additional gold resource has also been estimated (by an independent consultant) in deposit extensions and closely adjacent zones. Other (as yet unexplored) potential remains within peripheral zones.

The 2010 estimate (by block modeling, using Ordinary Kriging) is based on 1,911 drill holes. Except for the BYG tailings deposit, a 0.75 g/t Au lower grade cutoff was used throughout, while the upper cutoff ranged from 6.47 g/t Au to 33.13 g/t Au depending upon the grade statistics of individual deposits. The BYG tailings estimate utilized lower and upper cutoffs of 0.5 g/t Au and 3.3 g/t Au respectively. The update indicated an approximate 52% gold resource increase at Bau, of which the increase was mainly within indicated and inferred categories.

During the second half of 2010, exploration drilling of new geological and geophysical targets commenced. A separate resource drilling program, aimed at upgrading the bulk of the existing resource to measured and indicated categories and to test deeper and lateral extensions of mineralization also commenced around the same time. A new resource estimate was announced during March 2012. The update indicated an approximate 23% gold resource increase at Bau, from 563,900 ounces to 913,500 ounces measured and indicated and from 1,888,500 ounces to 2,108,100 ounces inferred. Additionally, there has been an upgrade of 349,600 ounces of resources from inferred to measured and indicated resource categories. This increase and upgrade derived from the drilling of 19,817 meters in 122 holes during 2011.

In 2012 the Company moved the Bau project into a feasibility study, with the objective of achieving a favorable development decision targeting stage one production in 2015. Exploration, mining, metallurgical and environmental studies commenced to further expand the resource base, to determine the best development route and optimize the opportunities involved in developing multiple deposits in a sequential manner. Key development objectives included an upgrade of the resource categories in connection with the mining feasibility study. Key exploration objectives were to geologically, geophysically and geochemically define new targets for prioritized drilling.

In the second half of 2012, a 76-hole drill program totaling 17,395.4 meters at Jugan Hill delivered a 42% resource increase from 659,100 to 870,500 ounces measured and indicated and from 16,300 to 89,800 inferred. This was a 9.4% overall increase at the Bau Goldfield for 1,124,900 ounces measured and indicated, and 2,181,600 ounces inferred. Feasibility for the Jugan Hill deposit is progressing well, with metallurgy and process having been conceptually resolved and peer review by independent engineering, procurement, and construction management about to commence.

Besra is targeting public release of the results of the feasibility study in the quarter ending December 31, 2013.

KEY FINANCIAL INFORMATION - BAU

(US$) As at	Jun 30, 2013	Jun 30, 2012
Net deferred exploration and development	14,618,741	10,663,853
Property, plant and equipment	120,916	139,248

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Spending on exploration and development activities	974,138	1,755,348	3,923,275	3,137,451	5,537,081
Expenditure on property, plant and equipment	51,933	41,146	103,107	60,846	80,858

EXPLORATION REPORT - BAU

Jugan Sector

Resource Drilling

Drilling has been completed and rigs demobilized from project.

Diamond drilling at Jugan Hill between October 2011 and October 2012 comprised 17,395.40 meters of drilling in 76 holes. This resulted in a 42% (284,900 ounce) expansion of JORC/NI43-101 gold resource beyond the previous resource estimate and upgraded the bulk of the resource into Measured & Indicated resource categories. The Jugan Hill resource now comprises 17,911,300 tonnes @ 1.51 g/t Au for 870,500 ounces (Measured and Indicated) and 1,774,000 tonnes @ 1.57 g/t Au for 89,800 ounces (Inferred). The Jugan Hill deposit still remains open at depth and along strike in both directions.

Geochemical Sampling

The infill soil sampling over selected anomalous areas is in progress.

IP Survey

The IP survey by Planetary Geophysics has been completed and a final report has been received. Ten IP anomalies were defined.

Integration of the Jugan Sector geological, soil geochemical, DIGHEM and IP datasets and in depth analysis of results has been completed in-house. Five significantly prospective areas have been defined. Final specification and prioritization of drilling targets presently awaits completion of the infill soil sampling program.

Fieldwork elsewhere on the Bau property has been suspended in order to focus on the above Jugan Surveys.

Rawan Project

The grant of six GPL applications is expected imminently. Subject to grant, reconnaissance field surveys will commence.

OUTLOOK TO JUNE 30, 2014

- Complete feasibility for Jugan Hill
- Complete infill soil sampling program
- Prioritize drilling targets following IP survey and soil sampling program
- Investigate possible funding scenarios for development of Bau once the final mining feasibility model is complete

CAPCAPO GOLD PROJECT, PHILIPPINES

BACKGROUND

The Capcapo property is located north of the prolific Baguio-Mankayan Gold District in the Philippines. On November 23, 2006, a Memorandum of Agreement and Supplement to Memorandum of Agreement (“MOA”) was entered into among Abra Mining and Industrial Corporation (“AMIC”), the Company and Jabel Corporation (“Jabel”) that allows the Company and certain Filipino persons (defined as “Olympus Pacific Minerals Inc and a Philippine national”) an option subject to compliance with Philippines foreign ownership laws and the entering into of a formal joint venture agreement, to earn a 60% interest in AMIC's Capcapo mining tenement in Abra Province, Northern Philippines. The Company's ability to earn its interest in the property was stalled as it awaited settling of a formal joint venture operating agreement with AMIC and JABEL. On September 30, 2011, a joint venture agreement with AMIC, Jabel, Kadabra Mining Corporation and PhilEarth Mining Corporation in respect of the Capcapo Gold Property was signed formally granting the Company, in consortium with PhilEarth Mining Corporation, a corporation controlled by Philippine nationals, an option to acquire up to a 60% interest in the Capcapo mining tenement. The joint venture agreement also grants the Company a right of first refusal over a mineral production sharing agreement held by Jabel over the Patok property, also located in Abra Province, Northern Philippines.

During the fourth quarter of 2011, the Company and its joint venture partners conducted community relations work in order to settle land access arrangements.

A new exploration permit application was filed by Jabel on behalf of the joint venture over an area of about 500 km^2 surrounding the area of the Capcapo Mineral and Production Sharing Agreement.

In 2012, a contract was signed with consultants to conduct community consultations and, a free, informed and prior consent (“FIPC”) process. Recruitment of a Capcapo field team is on hold as no field work can be conducted pending completion of the FIPC process and settlement of land access arrangements.

Once land access is settled, the Capcapo forward exploration program will include:

- **Detailed geological mapping:** to provide detailed base maps for the ongoing program.
- **Petrological studies:** to confirm the outcropping mineralization as airfall eruption breccia.
- **In-fill and step-out drilling:** to define the mineralization controls with the goal of establishing a JORC/NI 43-101 resource.
- **Regional studies:** to cover the peripheral area to assess possible extensions and/or repetitions of Capcapo-style mineralization.

EXPLORATION REPORT

Planned initial exploration will be on extended geological mapping/sampling and step-out drilling over the East Knoll area. However, field team recruitment and commencement of exploration continues to be deferred pending access.

TIEN THUAN GOLD PROJECT, VIETNAM

BACKGROUND

The Tien Thuan Gold Project lies some 50km west of the port city of Quy Nhon in Binh Dinh Province in southern Vietnam. The project area broadly encompasses about 100 km^2 of hilly terrain containing numerous hard rock and alluvial gold occurrences, within and peripheral to a large, multiphase intrusive complex of predominantly felsic composition. Prior exploration by the Vietnamese Geological Survey (DGMV) during 1990-93 recorded six sub-parallel, closely spaced quartz veins hosted by a granitic intrusive. DGMV assays revealed gold values ranging up to 157 g/t Au, with 35% of all samples reporting above 3.0 g/t Au.

The joint venture has since mapped and sampled three intrusive related vein-swarms, confirming the presence of multiple quartz veins of potentially economic grade and width.

The Binh Dinh Provincial Government has granted an Investment Certificate to the Besra subsidiary, Binh Dinh New Zealand Gold Company. Pursuant to the Investment Certificate, Besra may earn 75% equity in the Tien Thuan Project, by funding exploration through to the completion of a bankable feasibility study (such funding to be repayable from future profits). Upon reaching a “decision to mine”, project development will be jointly funded on a pro-rata basis.

EXPLORATION REPORT

No new exploration work was carried out on the Tien Thuan property during the fiscal year ended June 30, 2013.

GR ENMORE GOLD PROJECT, AUSTRALIA

BACKGROUND

The Enmore Gold Project covers approximately 325km^2 within the Enmore-Melrose Goldfield of northeastern New South Wales, Australia. The Company holds a 100% interest in one exploration license covering 158.76km^2 and is earning an 80% interest in two exploration licenses covering 35.28km^2. The geological setting is broadly analogous to that at the nearby Hillgrove copper gold mine.

Exploration results to date have confirmed the potential for lode and/or quartz stock-work style gold deposits at a number of individual prospects, including: Bora, Sunnyside, Lone Hand, Stony Hill, Sheba and Tabben. Potentially minable grades and widths have to date been drill-intersected at Sunnyside and Bora prospects.

EXPLORATION REPORT

The Enmore exploration program has been discontinued.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly results for the past eight quarters.

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Gold production (oz)	18,482	13,589	16,204	11,912	7,839	12,523	19,849	12,996
Gold sales (oz)	15,800	12,200	12,570	11,625	4,211	16,500	17,000	7,314
Gold sales (US$)	22,244,500	19,812,500	21,546,213	19,169,500	6,725,015	27,827,250	28,761,699	12,465,251
Net income/(loss) (US$)	(16,475,831)	(560,641)	(4,600,605)	(3,665,952)	(14,502,571)	(3,824,320)	2,018,438	419,175
(Loss)/income per share-basic (US$)	(0.037)	(0.002)	(0.012)	(0.01)	(0.029)	(0.011)	0.005	—
(Loss)/income per share-diluted (US$)	(0.037)	(0.002)	(0.012)	(0.01)	(0.029)	(0.011)	0.005	(0.004)

Quarterly sales are predominantly influenced by the number of ounces of gold sold and by the realized price per ounce.

During the quarter ended June 30, 2013, the Company produced 18,482 ounces of gold and sold 15,800 ounces of gold, the difference being gold inventory used for settlement of the gold loan in May 2013.

During the quarter ended June 30, 2013 tonnage milled increased to record 152,316 tonnes from 151,390 tonnes in the previous quarter and from 72,115 tonnes in the same quarter of 2012 with plans to produce at 1,340 tonnes per day (120,000 tonnes per quarter) from Phuoc Son from July 2013 onwards.

The loss in the quarter ended June 30, 2013 is as a result of a number of one-off related costs, principally being the loss on final settlement of the gold loan and costs associated with the termination of employment and/or consulting contracts at both and site and corporate level.

SELECTED ANNUAL INFORMATION

The following is selected financial data of the Group, expressed in United States dollars, for the fiscal year ended June 30, 2013, the six months ended June 30, 2012 and the fiscal years ended December 31, 2011 and December 31, 2010 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Amounts in accordance with IFRS	Year Ended Jun 30, 2013 Audited	Six-month Transitional Year Ended Jun 30, 2012 Audited	Year Ended Dec 31, 2011 Audited	Year Ended Dec 31, 2010 Audited
Revenue	82,772,713	34,552,265	47,976,630	35,986,013
Income/(loss) for the period	(25,303,029)	(18,326,891)	1,644,898	(12,773,072)
Basic (loss)/earnings per share	(0.061)	(0.040)	0.003	(0.042)
Diluted (loss)/earnings per share	(0.061)	(0.040)	0.003	(0.042)
Dividends per hare	Nil	Nil	Nil	Nil
Period-end shares	378,951,274	378,781,186	380,593,907	365,510,797
Cash	4,062,045	3,397,728	8,730,248	4,105,325
Working capital	(11,614,243)	318,587	3,210,632	3,618,445
Mine properties	35,265,242	37,165,314	37,896,565	39,197,779
Deferred exploration expenditure	22,678,843	21,428,562	19,516,555	13,621,774
Deferred development expenditure	6,216,049	10,636,534	20,276,490	18,103,858
Long-term liabilities	35,453,449	38,763,749	47,257,310	41,325,266
Capital stock	135,182,292	135,134,697	135,846,955	129,903,856
Non-controlling interest	(340,875)	2,169,412	5,920,409	5,682,771
Shareholders' equity	24,691,506	50,562,061	71,524,794	65,227,594
Total assets	101,359,498	121,117,149	145,252,174	123,192,405

FINANCIAL SUMMARY

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Sales	**22,244,500**	**6,725,015**	**82,772,713**	**34,552,265**	**47,976,630**
Costs of sales	13,258,270	2,798,953	43,644,257	14,828,440	22,906,966
Royalty expense	2,359,446	869,701	9,304,628	4,264,873	6,393,203
Environmental fees	1,242,623	574,432	4,140,175	1,203,057	—
Corporate and administrative expenses	1,325,832	1,313,824	6,625,914	3,743,652	8,919,587
Share-based compensation	278,431	1,055,411	2,012,549	1,462,071	1,277,892
Exploration costs	113,994	213,024	932,364	287,528	669,119
	18,578,596	**6,825,345**	**66,659,887**	**25,789,621**	**40,166,767**
Earnings before net finance costs, income tax, depreciation, amortization and impairments	**3,665,904**	**(100,330)**	**16,112,826**	**8,762,644**	**7,809,863**
Depreciation and amortization	6,261,469	6,592,289	20,749,097	11,922,054	13,410,876
Impairment charge	14,030,768	12,812,162	14,030,768	12,812,162	—
Loss on capital assets disposal	—	—	—	25,824	251,994
Finance charges	(718,206)	(4,540,905)	4,939,108	930,104	(11,678,462)
	19,574,031	**14,863,546**	**39,718,973**	**25,690,144**	**1,984,408**
Income/(loss) for the period before income tax	**(15,908,127)**	**(14,963,876)**	**(23,606,147)**	**(16,927,500)**	**5,825,455**
Income tax expense	567,704	(487,129)	1,696,882	1,399,391	4,180,557
Total comprehensive income/(loss) for the period	**(16,475,831)**	**(14,476,747)**	**(25,303,029)**	**(18,326,891)**	**1,644,898**

Sales

Gold sales amounted to 15,800 ounces during the quarter ended June 30, 2013 (4,211 ounces in the same quarter ended June 30, 2012) at an average realized price per ounce of US$1,408 (US$1,597 - average price per ounce in the same quarter ended June 30, 2012).

During the year ended June 30, 2013, revenue increased to US$82,772,713 compared with US$34,552,265 and US$47,976,630 in the six months ended June 30, 2012 and the year ended December 31, 2011. Gold sales amounted to 52,195 ounces during the year ended June 30, 2013 (20,711 and 29,249 ounces in the six months ended June 30, 2012 and year ended December 31, 2011) at an average realized price per ounce of US$1,586 (US$1,668 and US$1,640 - average price per ounce in the six months ended June 30, 2012 and year ended December 31, 2011). The increase in ounces produced is attributable to the higher production capacity achieved at the Phuoc Son plant which demonstrated capability to process more than 1,500 tonnes per day. In 2011 the Company was mining the higher grade Bai Dat resource at Phuoc Son. The effect of abnormal ground conditions at Bai Dat in the quarter ended June 30, 2012 resulted in significant interruption to production. Stabilization activities through the installation of active ground support at Bai Dat were completed in the quarter ended March 31, 2013 and production resumed. Bai Dat gold production amounted to 7,477 ounces in the year ended June 30, 2013. The Bong Mieu plant upgrade was completed in the second half of the 2012 calendar year, which resulted in higher metal recoveries and a significant reduction in reagent consumption.

Cost of Sales

During the quarter ended the Company managed to reduce all-in sustaining costs to US$1,218 from US$1,563 in the same comparable quarter last year. During the quarter ended June 30, 2013 the Company managed to reduce cash operating costs to US$775 from US $1,018 in the same comparable quarter last year.

During the year ended June 30, 2013 cost of sales increased to US$43,644,257 from US$14,828,440 and US$22,906,966 in the six months ended June 30, 2012 and the year ended December 31, 2011. Cost of sales increased as a percentage of sales primarily due to the higher mining costs per ounce produced as a result of the change in grade with moving to the Bai Go project at Phuoc Son. Costs per tonne milled has reduced at both Bong Mieu and Phuoc Son.

Royalty Expenses

During the year ended June 30, 2013 royalty expenses increased to US$9,304,628 from US$4,264,873 and US$6,393,203 in the six months ended June 30, 2012 and the year ended December 31, 2011 due to increased sales in the respective periods.

Environmental Fees

During the year ended June 30, 2013 environmental fees increased to US$4,140,175 from US$1,203,057 in the in the six months ended June 30, 2012. The fee was introduced in January 2012 and is based on volume of ore mined.

Corporate and Administrative Expenses

Administrative costs include corporate expenses and other costs that do not pertain directly to operating activities.

Share-Based Compensation

Share-based compensation expense recognized for stock options during the year ended June 30, 2013 amounted to US$2,012,549 (six months ended June 30, 2012 - US$1,462,071 and the year ended December 31, 2011 - US$1,277,892). During the year ended June 30, 2013, 12,442,500 options were issued to directors, officers, employees and consultants of the Company, of which 4,562,500 options were issued as an inducement to the new key management hired at the beginning of the financial year.

Exploration Costs

During the year ended June 30, 2013, exploration costs increased to US$932,364 compared with US$287,528 and US$669,119 in the six months ended June 30, 2012 and the year ended December 31, 2011. Costs incurred during the year ended June 30, 2013 relate to exploration costs incurred mainly by Kadabra Mining Corp. (US$502,026) and GR Enmore (US$290,597).

Depreciation and Amortization

During the year ended June 30, 2013 depreciation and amortization expense increased to US$20,749,097 from US$11,922,054 and US $13,410,876 in the six months ended June 30, 2012 and the year ended December 31, 2011 due to increased ounces sold, as many of the mining assets are amortized on a unit-of-production basis.

Impairment Charges

The impairment charge incurred during the period ended June 30, 2013 for Phuoc Son related to the Bai Dat and Bai Go projects. Management has assessed indicators of impairment related to the Phuoc Son projects and its associated assets and used a discounted cash flow model to calculate the value in use. This resulted in an impairment charge of US$14,030,768 to the Phuoc Son project and its associated assets, allocated US$9,623,364 to property, plant and equipment, US$2,861,734 to deferred development expenditure, US $1,060,421 to deferred exploration expenditure, and US$485,248 to mine properties.

Finance Charges

During the year ended June 30, 2013, six months ended June 30, 2012 and the year ended December 31, 2011 finance charges were as follows:

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Interest on convertible notes and gold-linked loans	920,292	1,063,052	3,952,855	2,158,172	2,348,484
Accretion	1,449,876	1,454,547	5,752,733	2,836,517	4,684,451
Interest expense/(income), net	257,945	(111,481)	1,105,031	(120,881)	147,089
Capital restructure costs	(615,866)	—	3,435,199	—	—
(Gain)/loss on gold loan principal repayments	849,954	1,157,625	2,051,461	1,157,625	(2,305,926)
Derivatives - fair value revaluation	(3,051,682)	(7,321,826)	(10,625,497)	(4,619,530)	(16,351,957)
Foreign exchange gain	(528,725)	(782,822)	(732,674)	(481,799)	(200,603)
Total	**(718,206)**	**(4,540,905)**	**4,939,108**	**930,104**	**(11,678,462)**

Capital restructure

In November 2012, 41%, 40% and 90%, respectively of the outstanding principal amounts of the 8% senior secured redeemable gold delivery promissory notes due May 31, 2013 (the “Gold Loan” notes), 9% CAD subordinated unsecured convertible redeemable promissory notes due March 26, 2014 and 8% USD unsecured convertible redeemable notes due May 6, 2015 were amended into 8% unsecured Gold-Linked notes due May 6, 2015. Capital restructure expenses amounted to US$4,051,065 and consisted of US$1,754,290 of the increase in face value of the amended gold loan from US$3,827,541 to US$5,581,831; US$2,095,100 of the deferred fees on old debt were expensed upon adoption of extinguishment accounting and US$201,678 of consultant fees.

The amended gold linked note provided note holders that had previously held Gold Loan Notes with a right to redeem their notes on May 31, 2013, in accordance with the terms of the Original Gold Loan Note. In May 2013 holders of 38% of the principal amount of the Gold Loan notes that were amended into Gold-Linked Notes in November 2012 chose to exercise their option. Together with Gold Loan note holders who did not amend their notes, this resulted in the Company delivering 1,133 ounces of gold in satisfaction of the remaining principal due under the Gold Loan. The original Gold Loan was fully settled in May 2013.

Loss on gold loan principal repayment

During the year ended June 30, 2013, loss on gold loan principal repayment amounted to US$2,051,461 compared to a loss of US $1,157,625 in the six months ended June 30, 2012 and gain of US$2,305,926 during the year ended December 31, 2011. The variance is explained by a lower cost per ounce used in valuation of gold inventory in the comparable periods due to higher grade of gold mined.

During the three months ended June 30, 2013, loss on gold loan principal repayment amounted to US$849,954 compared to a loss of US $1,157,625 in the same period last year. The variance is explained by a higher cost per ounce used in valuation of gold inventory in the same period of 2012 due to lower grade in that period.

Revaluation of derivatives

The Group has embedded derivative instruments in its debt finance on the gold-linked notes, convertible notes and gold loan. The components of the gold-linked notes, convertible notes and gold loan that exhibit characteristics of a derivative, being those that fluctuate in accordance with gold price movements, are recognized at fair value as a derivative liability at the date of issue. The derivative liability is re-valued at each reporting date with the corresponding unrealized movement in value being reflected in the consolidated statement of comprehensive income.

Foreign exchange gain

Foreign exchange gain recognized during the year ended June 30, 2013 relates mainly to unrealized foreign exchange gain from revaluation of convertible notes and gold-lined notes denominated in Canadian dollars.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying financial statements were prepared on a going concern basis, under the historical cost basis, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

During the year ended June 30, 2013, the Group incurred a net loss of US$25,303,029. As at June 30, 2013 the Group's current liabilities exceeded its current assets by US$21,337,451. As a result, there is a substantial doubt regarding the ability of the Company to continue as a going concern.

As at June 30, 2013, the cash and cash equivalents' balance was US$4,062,045 compared to US$3,397,728 as at June 30, 2012.

Working Capital

As at June 30, 2013, the working capital deficit amounted to US$11,614,243.

(US$) As at	Jun 30, 2013	Jun 30, 2012
Inventories	12,224,852	11,295,411
Tax and other receivables	1,975,955	1,614,115
Prepaid expenses	1,614,240	2,605,304
Trade and other payables	(27,429,290)	(15,196,243)
Net Working Capital	**(11,614,243)**	**318,587**

As at June 30, 2013 trade and other payables were presented by:

US$ As at	Jun 30, 2013	Jun 30, 2012
Trade payables	10,832,636	5,944,394
Taxes and government fees payable	12,685,228	3,549,771
Accruals and other payables	3,911,426	5,702,078
Total	**27,429,290**	**15,196,243**

The ability of the Company to continue as a going concern depends upon its ability to achieve and sustain profitable operations or to continue to access public debt or equity capital in the ordinary course. No assurance can be given that such capital will be available at all or on terms acceptable to the Company.

Cash Flow Summary

The following table summarizes the Company's consolidated cash flows and cash on hand.

	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	6 months Jun 30, 2012	12 months Dec 31, 2011
Net cash provided by operating activities	(7,707,762)	(3,440,881)	13,476,863	5,105,144	2,838,026
Net cash used in investing activities	(4,437,274)	(4,400,173)	(16,542,668)	(12,630,278)	(32,159,742)
Net cash (used in)/provided from financing activities	(1,251,924)	2,839,893	3,715,707	2,142,527	34,299,314
Increase/(decrease) in cash and cash equivalents	**(13,396,960)**	**(5,001,161)**	**649,902**	**(5,382,607)**	**4,977,598**
Net foreign exchange difference	5,164	14,738	14,415	50,087	(352,675)
Beginning cash and cash equivalents	**3,764,751**	**8,384,151**	**3,397,728**	**8,730,248**	**4,105,325**
Ending cash and cash equivalents	**4,062,045**	**3,397,728**	**4,062,045**	**3,397,728**	**8,730,248**

Cash from Operating Activities

The cash flow of the Company is generated from its two operating entities - Phuoc Son and Bong Mieu. The Company owns 85% of Phuoc Son and 80% of Bong Mieu.

Cash flow provided by operating activities for the quarter ended June 30, 2013 was US$(7,707,762) (three months ended June 30, 2012: US$(3,440,881)). Cash flow provided by operating activities for the year ended June 30, 2013 increased to US$13,476,863 compared with US$5,105,144 and US$2,838,026 in the six months ended June 30, 2012 and the year ended December 31, 2011.

Investing Activities

During the year ended June 30, 2013, Besra invested a total of US$16,542,668 (six months ended June 30, 2012: US$12,630,278 and year ended December 31, 2011 - US$32,159,742), mainly being US$9,989,109 in deferred exploration and development expenditure and US$3,953,559 acquiring property, plant and equipment (six months ended June 30, 2012: US$7,969,936 and US$1,660,342 and year ended December 31, 2011 - US$16,051,004 and US$10,108,738), as follows:

	Deferred Exploration & Development Expenditure		Property Plant & Equipment	
(US$) 3 months	Jun 30, 2013	Jun 30, 2012	Jun 30, 2013	Jun 30, 2012
Bong Mieu	381,295	470,224	73,586	373,067
Phuoc Son	1,335,057	1,141,194	1,575,053	540,546
North Borneo Gold	974,138	1,755,348	51,933	41,146
Binh Dinh NZ Gold	—	10,774	—	—
Other	—	—	190,480	67,874
Total	**2,690,490**	**3,377,540**	**1,891,052**	**1,022,633**

	Deferred Exploration & Development Expenditure			Property Plant & Equipment		
(US$) 12 months (6 months Jun 30, 2012)	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011
Bong Mieu	1,264,230	1,368,621	4,454,018	1,088,430	634,918	926,252
Phuoc Son	4,801,604	3,423,955	5,826,577	2,235,529	774,741	8,832,610
North Borneo Gold	3,923,275	3,137,451	5,537,081	103,107	60,846	80,858
Binh Dinh NZ Gold	—	39,909	233,327	—	—	—
Other	—	—	—	526,493	189,837	269,018
Total	**9,989,109**	**7,969,936**	**16,051,003**	**3,953,559**	**1,660,342**	**10,108,738**

Financing Activities

In December 2012, Phuoc Son Gold Company Limited entered into a new loan agreement with a Vietnamese bank. The loan term is twelve months from the date of principal drawdown to the date of repayment for each drawdown. The interest rate for drawdowns to June 30, 2013 is 8% per annum. The bank loan is secured over all assets of the borrower (Phuoc Son Gold Company Ltd) which was US$49,704,363 as at June 30, 2013. The loan was fully drawn down and the carrying amount of the loan was $5,000,000 as at June 30, 2013.

In May 2012, Phuoc Son Gold Company Limited entered into a loan agreement with another Vietnamese bank for a maximum borrowing of US$5,000,000, to be drawn down as required. The loan term was originally six months from the date of principal drawdown to the date of repayment for each drawdown. The interest rate was specified at the time of drawdown and may be adjusted upon the notification of the Bank. The interest rate for drawdowns to June 30, 2012 was 5.5% originally and reduced to 4.5% per annum from June 26, 2012. This loan has been fully repaid on June 20, 2013.

On June 21, 2013, Phuoc Son Gold Company Limited entered into a new loan agreement with that Vietnamese bank for a maximum borrowing of US$2,000,000. The new loan term is six months from the date of principal drawdown to the date of repayment for each drawdown. The drawdown could be exercised as required until June 30, 2014. The interest rate currently is 4.5% per annum and may be adjusted upon the notification of the bank. The carrying amount of the loan was US$1,775,052 as at June 30, 2013. The bank loan is secured over plant and equipment with a net carrying value of US$8,820,979.

During the year ended June 30, 2013, the Company received US$3,519,833 from a Vietnamese bank and received the first tranche of US $5,000,000 under a new loan agreement from a Vietnamese bank. During the year ended June 30, 2013 the Company repaid US$4,773,374 of borrowings to Vietnamese Banks.

In November 2012 the Company successfully restructured and extended maturity of its current debt by amending its existing convertible and gold loan notes. Following a consent solicitation process undertaken with the applicable note holders, 41%, 40% and 90% of the outstanding principal amounts of the Gold Loan notes, 9% CAD convertible notes and 8% USD convertible notes, were amended into 8% unsecured Gold-Linked notes due May 6, 2015. This allowed the Company to defer the repayment of US$8 million of borrowings associated with former gold loans and convertible notes from May 2013 and March 2014, respectively, to May 2015.

Liquidity Outlook

Liquidity risk arises through excess financial obligations over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company seeks to achieve this by maintaining sufficient cash and cash equivalents. As at June 30, 2013, the Company was holding cash and cash equivalents of US$4,062,045 (June 30, 2012 - US$3,397,728).

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and including estimated interest:

As at June 30, 2013

US$	Carrying Amount	Contractual Cash Flows Total	Less than 1 year	1-2 years
Convertible notes	15,156,305	**24,616,111**	7,747,585	16,868,526
Gold-linked notes	16,852,093	**24,424,826**	1,886,437	22,538,389
Secured bank loans	6,775,051	**7,014,990**	7,014,990	—
Trade and other payables	27,429,290	**27,429,290**	27,429,290	—
Financial derivatives	882,850	**882,850**	—	882,850
Total	**67,095,589**	**84,368,067**	**44,078,302**	**40,289,765**

As at June 30, 2012

US$	Carrying Amount	Contractual Cash Flows Total	Less than 1 year	1-2 years	2-3 years
Convertible notes	24,941,680	**48,566,017**	3,291,552	13,885,992	31,388,473
Gold loan notes	8,445,728	**9,926,800**	9,926,800	—	—
Secured bank loans	3,028,593	**3,096,736**	3,096,736	—	—
Trade and other payables	15,196,243	**15,196,243**	15,196,243	—	—
Financial derivatives	9,343,607	**9,343,607**	3,280,000	1,576,538	4,487,069
Total	**60,955,851**	**86,129,403**	**34,791,331**	**15,462,530**	**35,875,542**

The Company makes payments of interest on its debt facilities twice per year at the end of May and November which causes fluctuations in cash needs beyond the ordinary operating cash flow requirements.

In the normal course of business, the Company may be subject to various legal claims. Provisions are recorded where claims are likely.

The Company will depend on outside capital to complete the exploration and development of the resource properties. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuance of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and its future success may be adversely affected.

The Company has financed its operations to date primarily from the issue of share capital, the sale of gold and through the raising of short term debt. The Company continues to seek capital through various means including the issuance of debt and is currently in discussions with lenders to convert short-term debt to long-term debt to better match its asset base.

COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Balance at June 30, 2013

Payment Due (US$)	Total	Less than one year	Year 2	Year 3	Year 4	Year 5 and thereafter
Operating leases	**424,713**	247,173	135,471	42,069	—	—
Purchase obligations - supplies & services	**7,223,488**	7,223,488	—	—	—	—
Purchase obligations - capital	**1,961,181**	1,961,181	—	—	—	—
Acquisition of interest in North Borneo Gold Sdn Bhd	**8,400,000**	3,400,000	4,000,000	1,000,000	—	—
Asset retirement obligations	**1,865,691**	460,845	769,174	114,249	391,878	129,545
Total	**19,875,073**	**13,292,687**	**4,904,645**	**1,156,318**	**391,878**	**129,545**

In 2010 the Company entered into an agreement, as amended on May 20, 2011 and January 20, 2012 and amended and restated on May 12, 2013, to acquire up to a 93.55% interest in North Borneo Gold Sdn Bhd (NBG) by September 2015, subject to payments to be made in several tranches:

Amount (US$)	Purchase Date	Total per Year (US$)	Effective Holdings (%)
600,000	June 14, 2013		85.61
800,000	September 2, 2013		86.36
800,000	December 2, 2013	**2,200,000**	87.10
900,000	March 3, 2014		87.95
900,000	June 2, 2014		88.80
1,000,000	September 1, 2014		89.75
1,000,000	December 1, 2014	**3,800,000**	90.70
1,000,000	March 2, 2015		91.65
1,000,000	June 1, 2015		92.60
1,000,000	September 1, 2015	**3,000,000**	93.55

In the normal course of business, the Group is subject to various legal claims. Provisions are recorded where claims are likely and estimable.

Capcapo Gold Property

The Company entered a formal joint venture agreement on September 30, 2011 with Abra Mining & Industrial Corporation ("AMIC"), Jabel Corporation ("Jabel"), Kadabra Mining Corporation (a wholly-owned subsidiary of the Company) ("KMC") and PhilEarth Mining Corporation ("PhilEarth") (a Philippine company in the process of incorporation in which the Company will hold a 40% interest) in respect of the Capcapo Gold Property in the Northern Philippines.

Pursuant to the terms of the joint venture agreement, the Company, in consortium with PhilEarth, has an option to acquire up to a 60% interest in the Capcapo Gold Project, Northern Philippines, subject to compliance with Philippine foreign ownership laws. The Company paid to AMIC US$300,000 upon the signing of the joint venture agreement, is required to pay a further US$400,000 upon gaining unencumbered access to the property and may fully exercise its option over three stages of expenditure as follows:

(US$)	Expected Expenditures	Payment Due Upon Completion of The Stage
Stage 1	1,000,000	400,000
Stage 2	2,000,000	400,000
Stage 3	4,000,000	n/a

In addition, Jabel will be paid a royalty based on the calculation that yields the highest payment; either 3% of the gross value of production from the Capcapo Gold Project or 6% of the annual profit of the joint venture corporation.

Finally, the Company is also obligated to make milestone payments each time a specified milestone is achieved in respect of the property. The specified milestone occurs at the earlier of defining a cumulative mineral reserve of 2,000,000 ounces of gold and gold equivalents for the property, or upon achievement of a consistent production rate of 2,000 tonnes per day. Accordingly, achieving one milestone does not trigger the obligation to make a subsequent milestone payment if the alternative milestone has been achieved. The milestone payment to AMIC consists of a US$2,000,000 payment and the issuance of 2,000,000 common shares of the Company or common shares having a market value of US$5,000,000, whichever is of lesser value.

Tax Disputes

The Company is currently disputing tax claims by the Vietnam General Department of Customs ("GDC") against PSGC and BMGMC, Besra’s two operating gold companies in Vietnam. The GDC has made an assessment that PSGC and BMGMC should pay a total of approximately 250 billion Vietnamese dong (approximately US$12,000,000) in export duties.

In Vietnam, gold exported at 99.99% purity standard does not attract any export duty. GDC is claiming that during 2011 and 2012, several shipments did not meet 99.99% and therefore subject to a 10% tax. Besra strongly disputes this assessment as every shipment in question was refined in Vietnam to 99.99% by ACB Gold Center and subsequently certified 99.99% by Quality Assurance and Testing Center 3 (QuaTest3), the official government-testing center.

PSGC and BMGMC each filed official complaints under the Vietnamese Law on Complaints on May 16, 2013. These complaints were dismissed by GDC. On August 13, 2013, PSGC and BMGMC filed further complaints with the Ministry of Finance. The law provides for companies to dispute assessments made by government bodies in Vietnam in the first instance in an appeal heard by GDC, followed by an appeal to the Ministry of Finance. If unsuccessful in their complaints to the Ministry of Finance, PSGC and BMGMC intend to bring a petition before an administrative court of law to have the tax assessments overturned. The Company intends on exhausting all rights of appeal and is of the view that the claims brought by the GDC are without merit. No provision has been recognized in the consolidated financial statements as at June 30, 2013 with this regard. There can be no assurance that the Company will be able to successfully resolve the matter discussed above. The inability to successfully resolve the matter could have a material adverse impact on the Company's future cash flows, earnings, results of financial performance and financial conditions.

RELATED PARTY TRANSACTIONS

Compensation of the key management of the Group was as follows:

(US$)	3 months Jun 30, 2013	3 months Jun 30, 2012	12 months Jun 30, 2013	12 months Jun 30, 2012	12 months Dec 31, 2011
Management fees and salary	673,979	18,168	2,870,248	715,046	3,023,077
Termination benefits	559,609	—	559,609	—	—
Share based compensation	235,669	679,141	1,466,013	957,243	924,409
Total compensation of key management	**1,469,257**	**697,309**	**4,895,870**	**1,672,289**	**3,947,486**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to the key management personnel.

Directors' Interest in the Stock Options Plan

Stock options held by members of the Board of Directors under the stock option plan to purchase ordinary shares have the following expiry dates and exercises prices:

			Number of Options Outstanding	
Issue Date	Expiry Date	Exercise Price CAD$	Jun 30, 2013	Jun 30, 2012
Jun-08	Jan-13	0.40	—	1,809,000
Jan-10	Dec-14	0.40	2,073,618	2,073,618
Jun-10	Apr-15	0.42	1,500,000	2,250,000
Jun-10	Apr-15	0.60	1,500,000	2,250,000
Jan-11	Dec-15	0.72	1,068,378	1,068,378
Sept-11	Sept-16	0.53	751,599	751,599
Jan-12	Jan-17	0.42	1,250,000	1,250,000
Feb-12	Feb-17	0.52	3,472,872	3,472,872
Mar-12	Mar-17	0.33	3,015,000	3,015,000
May-12	May-17	0.32	150,000	150,000
Mar-13	Mar-18	0.24	2,425,000	—
Total			**17,206,467**	**18,090,467**

Directors' Interest in the Deferred Share Units Plan

Deferred share units are held by non-executive members of the Board of Directors. Under this plan, fees are paid as deferred share units ("DSUs") whose value is based on the market value of the common shares.

	Units		Value of Units Outstanding (US$)	
Award year	Jun 30, 2013	Jun 30, 2012	Jun 30, 2013	Jun 30, 2012
2008	116,667	116,667	5,542	28,452
2009	120,690	120,690	5,733	29,433
Total of deferred share units outstanding	**237,357**	**237,357**	**11,275**	**57,885**

In second quarter 2008, the Company set up a deferred share unit plan for the non-executive members of the Board. Under this plan, fees are paid as DSUs whose value is based on the market value of the common shares. Under the terms of the plan, the DSU plan will be an unfunded and unsecured plan. The deferred share units are paid out in cash upon retirement/resignation. Compensation expense for this plan is recorded in the year the payment is earned and changes in the amount of the deferred share unit payments as a result of share price movements are recorded in directors' fees in the period of the change. Total DSUs outstanding as at June 30, 2013 were 237,357 units. No DSUs were granted during the year ended June 30, 2013. Liabilities related to this plan are recorded in accrued liabilities and totaled US$11,275 as at June 30, 2013 (as at June 30, 2012 - US$57,885).

Companies Controlled by Management

Management compensation incurred on behalf of the Company were paid to companies controlled by officers of the Company. The companies that were paid for management compensation include the following:

Company name	Name	Position
Orangue Holdings Limited	David Seton	Executive Chairman
Dason Investments Limited	David Seton	Executive Chairman
Bolt Solutions Corporation	Darin Lee	Chief Operating Officer
The Jura Trust Limited	John Seton	Chief Executive Officer
Abergeldie Trust	John Seton	Chief Executive Officer
Whakapai Consulting Ltd	Jane Bell	Chief Financial Officer
Starsail Capital Limited	Charles Barclay	Chief Technical Officer (formerly)
Lloyd Beaumont No. 2 Trust	Paul Seton	Chief Commercial Officer

OTHER FINANCIAL MATTERS

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Use of Financial Instruments

The Company has not entered into any financial agreements to minimize its investment, currency or commodity market risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The excess cash is deposited in interest bearing bank deposit accounts with maturities of three months or less from the date of deposit. The gold produced in Vietnam is refined in Vietnam and certified as "good delivery" in Switzerland. From June 28, 2010 gold was sold on the spot market in US dollars via Auramet Trading, LLC Fort Lee, New Jersey (previously sold at the London Bullion Market a.m. Fixing).

Common Shares

As of June 30, 2013, the Company had issued and outstanding 378,951,274 common shares. Subsequent to June 30, 2013, the Company did not buy back or cancel any further shares.

REGULATORY UPDATE

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of June 30, 2013. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management has concluded that, as of June 30, 2013, the Company has sufficient personnel with the required experience and capabilities to complete all necessary control procedures associated with financial reporting and that the Company's internal controls over financial reporting were considered effective in terms of National Instrument 52-109 of the Canadian Securities Administrators.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered in this report, evaluated the effectiveness of our disclosure controls and procedures and determined that as of June 30, 2013, the general design and operation of our disclosure controls were satisfactory.

Regulatory Reporting in the United States

The Company's common shares are listed and posted for trading on the over-the-counter market in the United States. This allows US residents to trade the Company's common shares efficiently.

Management Changes

Effective June 30, 2013 three officers resigned from the Company. Former Chief Technical Officer, Charles Barclay has been retained on a consultancy basis for the Bau Project and the Capcapo Project and VP Investor Relations, Jim Hamilton has been retained as a part-time employee providing Investor Relations services in North America. Chief Information Officer, Peter Tiedemann retired from the Company.

Critical Accounting Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are prepared by appropriately qualified people and based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

Ore Reserves and Resource Estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provisions for asset retirements, recognition of deferred tax assets, and depreciation and amortization charges.

Derivative Valuation (Note 19)

The Group measures certain derivative financial liabilities by reference to their fair values at the date of the consolidated statement of financial position. The estimation of fair value of such derivatives is based upon factors such as estimates of commodity prices and volatility, equity prices, risk-free rates and terms to maturity. Changes in such estimates may impact upon the carrying value of derivative liabilities and derivative revaluation charges.

Impairment of Assets (Notes 10, 11, 12, 13)

The Group assesses each cash generating unit annually to determine whether any indication of impairment of the assets comprising the cash generating unit exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These estimates require the use of assumptions such as long-term commodity prices, discount rates, future capital requirements, political environment, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being individual ore bodies, which is the lowest level for which cash inflows are largely independent of those of other assets.

Deferred Exploration Expenditure (Note 11)

Exploration costs are capitalized by the Group and accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Production Start Date (Notes 10, 11, 12, 13)

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from 'capital assets in progress' to 'producing mines' and 'property, plant and equipment'. Some of the criteria used will include, but are not limited to, the following:

- level of capital expenditure incurred compared to the original construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in salable form (within specifications);
- ability to sustain ongoing production of metal.

When a mine development/construction project moves into the production stage, the capitalization of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortization commences.

Inventories (Note 15)

Net realizable value tests are performed monthly and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

Asset Retirement Obligations (Note 16)

The provisions for asset retirement obligations are based on estimated future costs using information available at the balance date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the consolidated statement of comprehensive income may be impacted (refer to Note 18).

Share-Based Payment Transactions (Note 21)

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using the Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Contingencies (Note 23)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements of Besra Gold Inc. and its subsidiaries (the “Group”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Group's reporting for the year ended June 30, 2013.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at June 30, 2013. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Foreign Currency Translation

The consolidated financial statements are presented in United States dollars, which is the parent company's functional currency and the Group's presentation currency. The financial statements of subsidiaries are maintained in their functional currencies and converted to US dollars for consolidation of the Group results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The monetary assets and liabilities of the Company that are denominated in currencies other than the United States dollar are translated at the rate of exchange at the consolidated statement of financial position dates and non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the year. Exchange gains and losses arising on translation are included in the consolidated statement of comprehensive income.

Business Combinations

On the acquisition of a subsidiary, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) of the acquiree on the basis of fair value at the date of acquisition. Those mining rights, mineral reserves and resources that are able to be reliably valued are recognized in the assessment of fair values on acquisition. Other potential reserves, resources and mineral rights, for which, values cannot be reliably determined, are not recognized. Acquisition costs are expensed.

When the cost of acquisition exceeds the fair values attributable to the Group's share of the identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed for impairment annually or where there is an indication of impairment. If the fair value attributable to the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in the consolidated statement of comprehensive income.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented in equity in the consolidated statement of financial position, separately from the parent's shareholders' equity.

Mine Properties

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

Purchased interest in mineral properties is recognized as an asset at its cost of acquisition or at fair value if purchased as part of a business combination. All costs, comprised of cash paid and/or the assigned value of share consideration, relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the project to which they relate is placed into production, sold or where management has determined impairment. The capitalized cost of the mineral properties is tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds the recoverable amount. The net proceeds from the sale of a portion of a mineral project which is sold before that project reaches the production stage will be credited against the cost of the overall project. The sale of a portion of a mineral project which has reached the production stage will result in a gain or loss recorded in the consolidated statement of comprehensive income. Mineral properties are amortized on the basis of units produced in relation to the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related project following commencement of commercial production. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Asset Retirement Obligations

Asset Retirement Obligations ("ARO") occur as a result of the acquisition, development or construction and normal operation of mining property, plant and equipment, due to government controls and regulations protecting the environment and public safety on the closure and reclamation of mining properties. The recorded ARO reflects the expected cost of reclamation, taking into account the probability of particular scenarios.

The Company recognizes the fair value of an ARO as a liability, in the period of disturbance or acquisition associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of that asset. The value of the ARO is estimated using the risk-adjusted expected cash flow approach discounted at a risk-free interest rate. Subsequent to the initial measurement, the ARO is adjusted to reflect the passage of time or changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the long-lived asset that is depreciated over the remaining life of the asset.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies.

The Company defers all exploration and evaluation expenses relating to mineral projects and areas of geological interest, in which it has licenses or a joint venture operating, until the project to which they relate is placed into production, sold or where management has determined impairment. These costs will be amortized over the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related property following commencement of production.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

Initial reconnaissance exploration is expensed as incurred.

An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial period in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Deferred Development Costs

The Company defers all development expenses relating to mineral projects and areas of geological interest, in which it has licenses or a joint venture operating, until the project to which they relate is placed into production, sold or where management has determined impairment. These costs will be amortized over the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related property following commencement of production.

Capital Work in Progress

Assets in the course of construction are capitalized in the capital work in progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment.

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Capital work in progress is not depreciated. The net carrying amounts of capital work in progress at each mine property are reviewed for impairment either individually or at the cash-generating unit level and when events and changes in circumstances indicate that these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Property, Plant and Equipment

The Company initially records buildings, plant and equipment, and infrastructure at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

Buildings, plant and equipment, and infrastructure involved in service, production and support are then amortized, net of residual value, using the straight-line method, over the estimated productive life of the asset. Where parts of an asset have different useful lives, depreciation is calculated on each separate part. Each asset or part's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Productive lives for these assets range from 3 to 10 years, but the productive lives do not exceed the related estimated mine life based on proven and probable reserves. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives are as follows:

Buildings	4 to 10 years
Infrastructure	3 to 8 years
Computer hardware and software	3 years
Plant and equipment	3 to 10 years

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The net carrying amounts of property, plant and equipment are reviewed for impairment either individually or at the cash generating unit level when events and changes in circumstances indicate that the carrying amounts may not be recoverable. To the extent that these values exceed their recoverable amounts, that excess is fully provided against in the financial period in which this is determined.

Expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Group, the expenditure is capitalized and the carrying amount of the item replaced derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

Where an item of property, plant and equipment is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is disclosed as a profit or loss on disposal in the consolidated statement of comprehensive income.

Any items of property, plant or equipment that cease to have future economic benefits are derecognized with any gain or loss included in the consolidated statement of comprehensive income in the financial year in which the item is derecognized.

Leasing Commitments

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A reassessment after inception is only made in specific circumstances.

Leases where substantially all the risks and rewards of ownership have not passed to the Group are classified as operating leases. Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Impairment of Assets

At least annually, the Company reviews and evaluates the carrying value of its non-current assets for impairment. They are also reviewed for impairment when events or changes in circumstances, such as a decrease in commodity (gold) prices, increase in costs of capital, the achievement of lower than expected resource quantities and grades or the expiration and non-renewal of a key exploration or mining license, indicate that the carrying amounts of related assets or groups of assets might not be recoverable. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash inflows independent of other assets, in which case the review is undertaken at the cash-generating unit level. Where a cash-generating unit, or group of cash-generating units, has goodwill allocated to it, or includes intangible assets that are either not available for use or that have an indefinite useful life (and which can only be tested as part of a cash-generating unit), an impairment test is performed at least annually or whenever there is an indication that the carrying amounts of such assets may be impaired.

If the carrying amount of an asset exceeds its recoverable amount, defined as the higher of the asset's value-in-use and its fair value less costs to sell, an impairment loss is recorded in the consolidated statement of comprehensive income to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a market-determined pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued use and eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate.

An impairment loss is reversed in the consolidated statement of comprehensive income (loss) if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount, but not beyond the carrying amount, net of depreciation or amortization that would have arisen if the prior impairment loss had not been recognized. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Stripping Costs

Stripping costs incurred during the production phase of a mine are accounted for as variable production costs that are included in the costs of the inventory produced during the period that the stripping costs are incurred.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. The Company does not have any overdraft facilities with any bank. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made at call and for less than one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits at June 30, 2013 and at June 30, 2012 approximates carrying value. The Group only deposits cash surpluses with major banks of high quality credit standing.

Inventory

Inventory is comprised of ore in stockpiles, operating supplies, gold in circuit, doré bars and gold bullion. Inventory is recorded at the average cost, determined from the weighted average of the cost of similar items at the beginning of a month and the cost of similar items added during the month. Gold bullion, doré bars and gold in circuit inventory cost includes the laid-down cost of raw materials plus direct labor and an allocation of applicable overhead costs. Gold in circuit inventory represents gold in the processing circuit that has not completed the production process, and is not yet in a salable form.

Ore in stockpiles is measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces (based on assay data) and estimated metallurgical recovery rates (based on the expected processing method). Costs are allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overheads, depreciation, depletion and amortization relating to mining operations, and removed at the stockpiles average cost per recoverable unit.

The Company values finished goods (gold bullion and doré bars), ore in stockpiles, and gold in circuit at the lower of cost or net realizable value.

Operating supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Borrowing Costs

Borrowing costs are considered an element of the historical cost of an asset when a period of time is necessary to prepare it for its intended use. The Company capitalizes borrowing costs to assets under development or construction while development or construction activities are in progress. Capitalizing borrowing costs ceases when construction of the asset is substantially complete and it is ready for its intended use.

Borrowing costs related to the establishment of a loan facility are capitalized and amortized over the life of the facility. Other borrowing costs are recognized as an expense in the financial period in which it is incurred.

Financial Instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. The Group determines the classification of its financial assets at initial recognition.

All financial liabilities are initially recognized at their fair value. Subsequently, all financial liabilities with the exception of derivatives are carried at amortized cost.

The Group considers whether a contract contains an embedded derivative when the Group becomes a party to the contract. Embedded derivatives are separated from the host contract if it is not measured at fair value through profit and loss and when the economic characteristics and risks are not closely related to the host contract.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized as finance costs in the consolidated statement of comprehensive income.

Fair Values

The fair value of quoted financial assets is determined by reference to bid prices at the close of business on the date of the consolidated statement of financial position. Where there is no active market, fair value is determined using valuation techniques. These include recent arm's-length market transactions; reference to current market values of other instruments which are substantially the same; discounted cash flow analysis; and pricing models.

Derivative financial instruments are valued using applicable valuation techniques such as those outlined above.

De-Recognition of Financial Assets and Liabilities

Financial assets

A financial asset is de-recognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, it continues to recognize the financial asset to the extent of its continuing involvement in the asset.

Financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or canceled or expires.

Gains and losses on de-recognition are recognized within finance income and finance costs respectively.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Impairment of Financial Assets

The Group assesses at each date of the consolidated statement of financial position whether a financial asset is impaired.

Financial assets carried at amortized costs

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. Objective evidence of impairment of loans and receivables exists if the counter-party is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counter-party that would not normally be granted, or it is probable that the counter-party will enter into bankruptcy or a financial reorganization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost as at the reversal date.

Assets carried at cost

If there is objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Interest Bearing Loans and Borrowings

Loans are recognized at inception at the fair value of proceeds received, net of directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Finance costs are recognized in the consolidated statement of comprehensive income using the effective interest method.

Convertible Notes

The components of the convertible note that exhibit characteristics of a liability are initially recognized at fair value as a liability in the consolidated statement of financial position, net of transaction costs and are subsequently accounted for at amortized cost. The derivative liability components (warrants and conversion features) are fair valued using a Binomial option pricing model. The carrying amount of the warrant and conversion features are re-measured at each reporting date and any movement in value is reflected in the consolidated statement of comprehensive income.

The remainder of the proceeds is allocated to the convertible note debt that is recognized and included in term liabilities, net of broker transaction costs. Interest on the liability component of the convertible note is recognized as an expense in the statement of comprehensive income.

Transaction costs were apportioned between the components of the convertible note based on the allocation of proceeds to such components when the instrument was first recognized.

Gold Loan Notes

The equity components (attached warrants) are valued using the Black Scholes option pricing model after taking account of relevant inputs.

The remainder of the proceeds is allocated to the gold note debt that is recognized and included in term liabilities, net of an allocated portion of broker transaction costs, and is accreted to face value over the life of the debt on an effective yield basis.

The call option and put option features of the Gold Loan are re-valued at each reporting date using the Black 76 variant of the Black-Scholes option pricing model, with each gold deposit date. Interest on the liability component of the gold note is recognized as an expense in the consolidated statement of comprehensive income.

Transaction costs were apportioned between the liability, equity and derivative components of the gold note based on the allocation of proceeds to the liability, equity and derivative components when the instrument was first recognized.

Gold-Linked Notes

The Gold Price Participation value and the put option features of the Gold-Linked Notes are re-valued at each reporting date using the Binominal Lattice option pricing model. Interest on the liability component of the gold note is recognized as an expense in the consolidated statement of comprehensive income.

Transaction costs were apportioned between the liability and derivative components of the gold-linked note based on the allocation of proceeds to the liability and derivative components when the instrument was first recognized.

Derivative Financial Instruments

The Group has embedded derivative instruments in its debt finance on the Gold-linked notes and Convertible notes.

The components of the gold note that exhibit characteristics of a derivative, being those that fluctuate in accordance with gold price movements, are recognized at fair value as a derivative liability at the date of issue. The derivative liability is re-valued at each reporting date with the corresponding unrealized movement in value being reflected in the consolidated statement of comprehensive income.

The convertible notes are denominated in Canadian dollars and US dollars and the associated warrants are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the stock underlying the warrants and conversion feature is not denominated in the Company's functional currency the contractual obligations arising from the warrants and conversion feature do not meet the definition of equity instruments and are considered derivative liabilities. The warrants are recorded as financial liabilities and are re-valued at each reporting date with any change in valuation being recognized in the consolidated statement of comprehensive income.

Employee Entitlements

Provisions are recognized for short-term employee entitlements, on an undiscounted basis, for services rendered by employees that remain unpaid at the date of the consolidated statement of financial position.

Other Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs in the consolidated statement of comprehensive income.

Taxation

Current tax

Current tax for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the date of the consolidated statement of financial position and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax

Deferred tax is recognized using the “balance sheet” method in respect of all temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes, except as indicated below:

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the date of the consolidated statement of financial position.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax.

Ordinary Share Capital

Ordinary shares issued by the Company are recorded at the net proceeds received, which is the fair value of the consideration received less costs that are incurred in connection with the share issue.

Stock-Based Cash Settled Transactions

The transactions involving the issuance of vested and vesting warrants associated with the 2010 convertible note issue and the warrants to the agent under the offering are measured initially at fair value at the grant date using a binomial model, taking into account the terms and conditions upon which the instruments were granted. The contractual life of each warrant is four years.

Stock-Based Compensation

The Group makes share-based awards to certain directors, officers, employees and consultants.

Equity-settled awards

For equity-settled awards, the fair value is charged to the consolidated statement of comprehensive income and credited to equity, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest (taking into account the achievement of non-market-based performance conditions). The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). The fair value is determined using a Black Scholes option pricing model. At each date of the consolidated statement of financial position prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed (after adjusting for non-market performance conditions). The movement in cumulative expense is recognized in the consolidated statement of comprehensive income with a corresponding entry within equity.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification, over the remainder of the new vesting period.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated statement of comprehensive income. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the new award is treated as if it is a modification of the original award, as described in the previous paragraph.

Cash-settled awards

For cash-settled awards, the fair value is recalculated at each balance date until the awards are settled based on the estimated number of awards that are expected to vest, adjusting for market and non-market based performance conditions. During the vesting period, a liability is recognized representing the portion of the vesting period that has expired at the date of the consolidated statement of financial position multiplied by the fair value of the awards at that date. After vesting, the full fair value of the unsettled awards at each balance date is recognized as a liability. Movements in the liability are recognized in the consolidated statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Sales, export taxes or duty are recorded as part of cost of sales.

Revenue from the sale of gold and by-products, such as silver, are recognized when: (i) the significant risks and rewards of ownership have been transferred; (ii) reasonable assurance exists regarding the measurement of the consideration that will be derived from the sales of goods, and the extent to which goods may be returned; and (iii) ultimate collection is reasonably assured. The risks and rewards of ownership for the gold and silver reside with the Company until the point that gold and silver are confirmed as sold to the end consumer. Gold is sold on the spot market in US dollars whereas silver is sold at the silver fixing price of the London Bullion Market in US dollars.

Refining and transport charges are classified as part of cost of sales and revenues from by-products are netted against cost of sales.

CHANGES IN ACCOUNTING POLICIES, NEW STANDARDS AND INTERPRETATIONS

The IASB issued the following new or revised pronouncements that are effective for years beginning on or after January 1, 2013 and may affect the Company's future financial statements. Management has assessed the impact of these pronouncements and does not expect their application to have a pervasive impact on the financial position or results from operations of the Company.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

The IASB has tentatively deferred the effective date of IFRS 9 beyond accounting periods beginning on or after January 1, 2015, pending completion of all project phases.The Company has not yet assessed the impact of the standard which would be effective as of future fiscal years.

IFRS 10 Consolidated Financial Statements

On July 1, 2013, the Company adopted the requirements of IFRS 10, Consolidated Financial Statements, which replaced portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation — Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no ‘bright lines’. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice.

IFRS 11 Joint Arrangements

On July 1, 2013, the Company adopted IFRS 11, Joint Arrangements, which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. Due to the adoption of this new section, venturers will transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. Based on the preliminary analysis performed, IFRS 11 is not expected to have any impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

On July 1, 2013, the Company adopted IFRS 12, Disclosure of Involvement with Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. Based on the preliminary analysis performed, IFRS 12 is expected to result in the additional disclosure of the Group's interest in its subsidiaries.

IFRS 13 Fair Value Measurement

On July 1, 2013, the Company adopted IFRS 13, Fair Value Measurement. The new standard will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the ‘exit price’ and concepts of ‘highest and best use’ and ‘valuation premise’ would be relevant only for non-financial assets and liabilities. Based on the preliminary analysis performed, IFRS 13 is not expected to have any impact on the Group.

IAS 27 Separate Financial Statements

On July 1, 2013, the Company adopted IAS 27, Separate Financial Statements. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. Based on the preliminary analysis performed, IAS 27 is not expected to have any impact on the Group.

IAS 28 Investments in Associates and Joint Ventures

On July 1, 2013, the Company adopted IAS 28, Investments in Associates and Joint Ventures. As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control, or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. Based on the preliminary analysis performed, IAS 28 is not expected to have any impact on the Group.

Impairment of Assets Exposure Draft

In January 2013 the IASB published an exposure draft (ED) to set out proposed modifications to the disclosures in IAS 36 Impairment of Assets for the measurement of the recoverable amount of impaired assets. The amendment would require an entity to disclose the recoverable amount of an asset (including goodwill) for which an impairment loss was recognized or reversed during the reporting period. In addition, the ED proposes an amendment that would require an entity to disclose the discount rate that was used in a present value technique in order to determine the recoverable amount of an impaired asset, regardless of whether that recoverable amount was based on fair value less costs of disposal or value in use. This proposed amendment overlaps with the amendment to IAS 36 that had been previously proposed by the ED Annual Improvements to IFRSs 2010-2012 Cycle published in May 2012.

The proposed amendments would be applied retrospectively for annual periods beginning on or after January 1, 2014. The IASB also proposes to permit earlier application, but will not require an entity to apply those amendments in periods (including comparative periods) in which the entity does not also apply IFRS 13. The Company has not yet assessed the impact of the standard which would be effective as of fiscal year commencing July 1, 2014 or determined whether it will adopt the standard early.

Levies

On May 21, 2013, the IASB issued IFRIC 21 Levies (“IFRIC 21”), an interpretation on the accounting for levies imposed by governments. IFRIC 21 is an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets (“IAS 37”). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect IFRIC 21 to have a material impact on its financial statements.

RISK FACTORS AND UNCERTAINTIES

The Company faces significant risk factors and uncertainties associated with its business and its industry, similar to those faced by other exploration and development companies in Southeast Asia, including the following general description of material risk factors:

- **There is a significant doubt regarding the ability of the Company to continue as a going concern.** The Company's Financial Statements as at and for the year ended June 30, 2013 were prepared on a going concern basis, under the historical cost basis, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

  During the year ended June 30, 2013, the Group incurred a net loss of US$25,303,029. As at June 30, 2013 the Group's current liabilities exceeded its current assets by US$21,337,451. As a result, there is a substantial doubt regarding the ability of the Company to continue as a going concern.

  The ability of the Company to continue as a going concern depends upon its ability to resume profitable operations or to continue to access debt or equity capital in the ordinary course. No assurance can be given that such capital will be available at all or on terms acceptable to the Company. Management is considering various alternatives, including a number of initiatives to raise additional capital or to restructure its existing debt. However, as at the date of this report the Company has not secured such further financing. Although the Company has been successful in securing the funds necessary to execute its business plan in the past, it is not possible to determine with certainty the success or adequacy of its current financing initiatives.

- **Not all of the Company's mineral properties contain a known commercially mineable mineral deposit.** The business of mineral exploration and extraction involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate, establish or expand mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its ability to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation nor enable a continuation of those operations when established. Whether a mineral deposit is commercially viable depends on a number of factors, including, but not limited to the following: particular attributes of the deposit, such as ground conditions, depth, grade, size and proximity to infrastructure; the ability of the Company to maximize the recovery rate of ore extracted; cost of supplies; metal prices, which are volatile; and government regulations, including regulations relating to investment, mining, prices, taxes, royalties, land use and tenure, importing and exporting of minerals and environmental protection.

- **The Company's resources and reserves estimates are subject to uncertainty**. The Company's mineral resources and mineral reserves are estimates based on a number of assumptions, any adverse changes in which could require the Company to lower its mineral resource and mineral reserve estimates. There is no certainty that any of the mineral resources or mineral reserves disclosed by the Company will be realized or that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that reserves can be mined or processed profitably. Until a deposit is actually mined and processed, the quantity and grades of mineral resources and mineral reserves must be considered as estimates only. Valid estimates made at a given time may significantly change when new information becomes available. Any material change in the quantity of mineral resources or mineral reserves, grade or stripping ratio may affect the economic viability of the Company's properties. There can also be no assurance that any discoveries of new or additional reserves will be made. Any material reductions in estimates of mineral resources or mineral reserves could have a material adverse effect on the Company's results of operations and financial condition. This risk may be particularly acute with respect to the Bong Mieu Central Gold Mine where the Company conducted a limited amount of drilling before making its decision to commence production.

- **The Company may not meet key production or other cost estimates.** A decrease in the amount of or a change in the timing of the mineral production outlook for the Company may impact the amount and timing of cash flow from operations. The actual impact of such a decrease of cash flow from operations would depend on the timing of any changes in production and on actual prices. Any change in the timing of these projected cash flows resulting from production shortfalls or labor disruptions would, in turn, result in delays in receipt of such cash flows and in using such cash to, as applicable, reduce debt levels and fund operating and exploration activities. Should such production shortfalls or labor disruptions occur, the Company may require additional financing to fund capital expenditures in the future. The level of capital and operating cost estimates which are used for determining and obtaining financing and other purposes are based on certain assumptions and are inherently subject to significant uncertainties. It is very likely that actual results for the Company's projects will differ from its current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, and/or increase capital and/or operating costs above, the current estimates. In particular, the Bong Mieu Central Gold Mine was put into production without a full feasibility study. Instead, the Company prepared a pre-feasibility study, which can underestimate a project's capital and operating costs, while at the same time overestimating the amount of reserves, grade recovery from processing and mineralization. Accordingly, production estimates in respect of the Bong Mieu Central Gold Mine may be even less reliable. If actual results are less favorable than the Company currently estimates, the Company's business, results of operations, financial condition and liquidity could be materially adversely impacted.

- **The Company is subject to various risks associated with its mining operations.** By its nature, the business of mineral exploration, project development, mining and processing, contains elements of significant risks and hazards. The continuous success of the Company's business is dependent on many factors including, but not limited to:
    - discovery and/or acquisition of new ore reserves;
    - securing and maintaining title to tenements and obtaining necessary consents, permits or authorizations for exploration and mining;
    - successful design and construction of mining and processing facilities;
    - successful commissioning and operating of mining and processing facilities;
    - ongoing supplies of essentials goods and services; and
    - the performance of the technology incorporated into the processing facility.

- **The Company is largely dependent upon its mining and milling operations at its Phuoc Son mine and any adverse condition affecting that operation may have a material adverse impact on the Company.** The Company's operations at the Phuoc Son property accounted for approximately 73% of the Company's gold production for the year ended June 30, 2013 (70% and 69% in the six months ended June 30, 2012 and the year ended December 31, 2011) and is expected to account for approximately 74% of the Company's gold production in 2014 (based on the Company's production guidance of 70,000 ounces). Any adverse condition affecting mining or milling conditions at the Phuoc Son property could be expected to have a material adverse effect on the Company's financial performance and results of operations. The Company also anticipates using revenue generated by its operations at Phuoc Son to finance a substantial portion of its capital expenditures during the Company's 2014 fiscal year, including at the Company's Bau Gold Property in East Malaysia. The Company likely will continue to be dependent on operations at the Phuoc Son property for a substantial portion of its gold production until the Bau Gold Property achieves commercial production or production is increased at the Bong Mieu Gold Property.

- **The Company is dependent upon its ability to raise funds in order to carry out its business.** Mining operations, exploration and development involve significant financial risk and capital investment. The operations and expansion plans for the Company may also result in increases in capital expenditures and commitments. The Company may require additional funding to expand its business and may require additional capital in the future for, among other things, the development of the Bau Gold Project which is currently the subject of a feasibility study targeting production commencing in 2015, or the development of other deposits or additional processing capacity at the Company's Phuoc Son or Bong Mieu projects. No assurance can be given that such capital will be available at all or available on terms acceptable to the Company. The Company may be required to seek funding from third parties if internally generated cash resources and available credit facilities are insufficient to finance these activities. In the event that the Company was unable to obtain adequate financing on acceptable terms, or at all, to satisfy its operating, development and expansion plans, its business and results of operations may be materially and adversely affected. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time, the availability of funds from lenders and other factors relating to the Company's properties and operations.

- **The Company has debt and may be unable to service or refinance its debt, which could have negative consequences on the Company's business, could adversely affect its ability to fulfill its obligations under its debt and may place the Company at a competitive disadvantage in its industry.** The Company has issued and outstanding indebtedness in the form of convertible unsecured promissory notes ("Convertible Notes") and unsecured redeemable gold-linked promissory notes ("Gold-Linked Notes"). The existence of this debt could have negative consequences for the Company. For example, it could:

  - increase the Company's vulnerability to adverse industry and general economic conditions;
  - require the Company to dedicate a material portion of cash flow from operations to make scheduled principal or interest payments on the debt, thereby reducing the availability of its cash flow for working capital, capital investments and other business activities;
  - limit the Company's ability to obtain additional financing to fund future working capital, capital investments and other business activities;
  - limit the Company's flexibility to plan for, and react to, changes in its business and industry; and
  - place the Company at a competitive disadvantage relative to less leveraged competitors.

- **Servicing the Company's debt requires an allocation of cash and the Company's ability to generate cash flow may be adversely affected by factors beyond its control.** The Company's business may not generate cash flow in an amount sufficient to enable it to pay the principal of, or interest on, its indebtedness or to fund other liquidity needs, including working capital, capital expenditures, project development efforts, strategic acquisitions, investments and alliances and other general corporate requirements. The Company's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. As such, the Company is faced with the risk that (i) the Company's business will generate insufficient cash flow from operations or (ii) future sources of funding will not be available to the Company in amounts sufficient to enable it to fund its capital needs.

  If the Company cannot fund its capital needs, it will have to take actions such as reducing or delaying capital expenditures, project development efforts, strategic acquisitions, investments and alliances; selling assets; restructuring or refinancing its debt; or seeking additional equity capital. The Company cannot provide assurance that any of these measures could, if necessary, be effected on commercially reasonable terms, or at all, or that they would permit the Company to meet its scheduled debt service obligations.

- **Restrictive covenants in the agreements governing the Company's indebtedness restrict its ability to operate its business.** The documentation governing the Convertible Notes and the Gold-Linked Notes contain covenants that restrict the Company's ability to, among other things, incur additional debt, pay dividends, make investments, enter into transactions with affiliates, merge or consolidate with other entities or sell all or substantially all of the Company's assets. A breach of any of these covenants could result in a default thereunder, which could allow the noteholders or their representative to increase the interest rate payable and/or declare all amounts outstanding thereunder immediately due and payable. The Company may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on it by the restrictive covenants under its indebtedness.

- **The Company has entered into certain derivative arrangements which may not obtain their intended result.** The Company's Convertible Notes and Gold-Linked Notes contain embedded derivative instruments. The use of such instruments involves certain inherent risks including credit risk, market liquidity risk and unrealized mark-to-market risk. Initially, the Company does not have any other hedging agreements in place but may enter into additional contracts from time to time. While hedging activities may protect the Company in certain circumstances, they may also cause it to be unable to take advantage of fluctuating market prices, and no assurances are given as to the effectiveness of the Company's current or future hedging policies.

- **The Company will not be able to insure against all possible risks.** Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays, monetary losses and possible legal liability. If any such catastrophic event occurs, investors could lose their entire investment. Obtained insurance will not cover all the potential risks associated with the activities of the Company. Moreover, the Company may also be unable to maintain insurance to cover these risks at economically feasible premiums as is the case with its underground equipment and opeatins which are currently largely unsecured. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution, political risk or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. Should a catastrophic event arise, investors could lose their entire investment.

- **The Company is subject to commodity price fluctuations.** If the price of gold declines, the Company's properties may not be economically viable. The Company's revenues are, and are expected to be for the foreseeable future in large part derived from the extraction and sale of precious metals, particularly gold. The price of those commodities has fluctuated widely, particularly in recent months and years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new or improved mining and production methods. The effect of these factors on the price of base and precious metals cannot be predicted and the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. If the price of gold (including other base and precious metals) is below the all-in cost to produce gold, the properties will not be mined at a profit. Fluctuations in the gold price affect the Company's reserve estimates, its ability to obtain financing and its financial condition as well as requiring reassessments of feasibility and operational requirements of a project. Reassessments may cause substantial delays or interrupt operations until the reassessment is finished.

- **The Company may not be able to compete with other mining companies for mineral properties, financing, personnel and technical expertise.** The resource industry is intensely competitive in all of its phases, and the Company competes for mineral properties, financing, personnel and technical expertise with many companies possessing greater financial resources and technical facilities than it does. Competition could prevent the Company from conducting its business activities or prevent profitability of existing or future properties or operations if the Company were unable to obtain suitable properties for exploration in the future, secure financing for its operations or attract and retain mining experts. The Company's inability to effectively compete could substantially impair its results of operations.

- **If the Company does not comply with all applicable regulations, it may be forced to halt its business activities.** The activities the Company engages in are subject to various laws in the different jurisdictions in which the Company operates governing, among other matters, land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances and mine safety. The Company may not be able to obtain all necessary licenses and permits required to carry out the exploration, development or mining of the projects. Unfavorable amendments and/or back-dating of changes to current laws, regulations and permits governing operations and activities of resource exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures which could result in a cessation of operations by the Company. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations. Large increases in capital expenditures resulting from any of the above factors could force the Company to cease business activities which could cause investors to lose their investment.

- **Non-compliance with environmental regulation may hurt the Company's ability to perform its business activities.** The Company's operations are subject to environmental regulation in the jurisdiction in which it operates. Environmental legislation is still evolving in these jurisdictions and it is expected to evolve in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. If there are future changes in environmental regulation, or changes in its interpretations, possibly backdated, they could impede the Company's current and future business activities and negatively impact the profitability of operations.

- **Land reclamation requirements for exploration properties may be burdensome and may divert funds from the Company's exploration programs.** Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration programs.

- **Mining operations and projects are vulnerable to supply chain disruption and the Company's operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, strategic spares, critical consumables, mining equipment or metallurgical plant.** The Company's operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, strategic spares, critical consumables, mining equipment and metallurgical plant. In the past, the Company and other gold mining companies have experienced shortages in critical consumables, particularly as production capacity in the global mining industry has expanded in response to increased demand for commodities, and it has experienced increased delivery times for these items. These shortages have also resulted in unanticipated increases in the price of certain of these items. Shortages of strategic spares, critical consumables, mining equipment or metallurgical plant, which could occur in the future, could result in production delays and production shortfalls, and increases in prices result in an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

  The Company and other gold mining companies, individually, have limited influence over manufacturers and suppliers of these items. In certain cases there are only limited suppliers for certain strategic spares, critical consumables, mining equipment or metallurgical plant who command superior bargaining power relative to the Company, or it could at times face limited supply or increased lead time in the delivery of such items.

  If the Company experiences shortages, or increased lead times in delivery of strategic spares, critical consumables, mining equipment or processing plant, its results of operations and financial condition could be adversely affected.

- **If the Company is unable to obtain and keep in good standing certain licenses and permits, it will be unable to explore, develop or mine any of its property interests.** The current and future operations of the Company require licenses and permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, use of explosives, land use, surface rights, environmental protection, safety and other matters, and are dependent upon the grant, or as the case may be, the maintenance of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licenses, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith. There can be no assurance that the Company will be able to obtain or maintain all necessary licenses or permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

- **If the Company does not make certain payments or fulfill other contractual obligations, it may lose its option rights and interests in its joint ventures.** There is a risk that the Company may be unable to meet its share of costs incurred under any option or joint venture agreements to which it is presently or becomes a party in the future and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs. The loss of any option rights or interest in joint ventures on properties material to the Company could have a material adverse effect on the Company.

- **Title to the Company's assets can be challenged or impugned, which could prevent the Company from exploring, developing or operating at any of its properties.** There is no guarantee that title to concessions will not be challenged or impugned to the detriment of the Company. In Malaysia, Vietnam and the Philippines, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. For example, in Vietnam, mining laws are in a state of flux, continuously being reviewed and updated, and the system is new and as yet untested. If title to assets is challenged or impugned, the Company may not be able to explore, develop or operate its properties as permitted or enforce its rights with respect to the properties.

- **Political and economic instability in the jurisdictions in which the Company operates could make it more difficult or impossible for the Company to conduct its business activities.** The Company's exploration, development and operation activities occur in Malaysia, Vietnam, the Philippines and Australia. As such, the Company may be affected by possible political or economic instability in those countries. The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in those countries may prevent or hinder the Company's business activities and render its properties unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of properties or businesses, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The laws on foreign investment and mining are still evolving in Vietnam and it is not known how they will evolve. The effect of these factors cannot be accurately predicted. There may be risks in Malaysia and the Philippines including nationality restriction in the ownership of mining properties regarding the payment of permitting fees and obtaining the free, prior and informed consent of affected indigenous peoples.

- **Vietnamese tax laws are open to interpretation and, with respect to mining and refining, there are no clear precedents to properly guide the Company's tax policies.** Management considers that the Company has made adequate provision for tax liabilities to the Vietnamese national, provincial and local authorities based on correspondence with such authorities, and on external advice received. However, because Vietnam's tax laws, especially with respect to mining, refining and export, are evolving and open to interpretation, there is a risk that material additional and/or back-dated taxes and penalties may be levied on the Company, which could adversely impact its results of operations. The Company is currently disputing two tax claims by the Vietnam General Department of Customs (GDC) against Phuoc Son Gold Company (PSGC) and Bong Mieu Gold Mining Company (BMGMC), Besra's two operating gold companies in Vietnam. For more information, see "Risks factors and uncertainties - Political and economic instability in the jurisdictions in which the Company operates could make it more difficult or impossible for the Company to conduct its business activities" for further discussion around these risks.

- **Exchange rate and interest rate fluctuations may increase the Company's costs.** The profitability of the Company may decrease when affected by fluctuations in the foreign currency exchange rates between the United States Dollar and the Canadian Dollar, Malaysian Ringgit, Vietnamese Dong, Philippines Peso and Australian Dollar. Exchange rate fluctuations affect the costs of exploration and development activities that the Company incurs in United States dollar terms. The Company does not currently take any steps to hedge against currency fluctuations. In the event of interest rates rising, the liabilities of the Company that are tied to market interest rates would increase the Company's borrowing costs.

- **The Company's stock price could be volatile.** The market price of the Company's common shares, like that of the common shares of many other natural resource companies, has been and is likely to remain volatile. Results of exploration and mining activities, the price of gold and silver, future operating results, changes in estimates of the Company's performance by securities analysts, market conditions for natural resource shares in general, and other factors beyond the control of the Company, could cause a significant decline in the market price of the Company's common shares and results in the need to revalue derivative liabilities.

- **In the US, the Company's common shares are “Penny Stock” which imposes significant restrictions on broker-dealers recommending the stock for purchase.** Securities and Exchange Commission (“SEC”) regulations define "penny stock" to include common stock that has a market price of less than US$5.00 per share, subject to certain exceptions. These regulations include the following requirements: broker-dealers must deliver, prior to the transaction, a disclosure schedule prepared by the SEC relating to the penny stock market; broker-dealers must disclose the commissions payable to the broker-dealer and its registered representative; broker-dealers must disclose current quotations for the securities; if a broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealers presumed control over the market; and a broker-dealer must furnish its customers with monthly statements disclosing recent price information for all penny stocks held in the customer's account and information on the limited market in penny stocks. Additional sales practice requirements are imposed on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and must have received the purchaser's written consent to the transaction prior to sale. For so long as the Company's common shares are subject to these penny stock rules, these disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the shares. Accordingly, this may result in a lack of liquidity in the common shares and investors may be unable to sell their shares at prices considered reasonable by them.

- **The Company does not plan to pay any dividends in the foreseeable future.** The Company has not paid a dividend in the past and it is unlikely that the Company will declare or pay a dividend for the foreseeable future. The declaration, amount and date of distribution of any dividends in the future will be decided by the Board of Directors from time-to-time, based upon, and subject to, the Company's earnings, financial requirements, loan covenants and other conditions prevailing at the time.

- **Shareholders could suffer dilution of the value of their investment if the Company issues additional shares.** There are a number of outstanding securities and agreements pursuant to which common shares may be issued in the future, including pursuant to the Convertible Notes, stock options and warrants. If these shares are issued, this may result in further dilution to the Company's shareholders.

- **In the event that key employees leave the Company or its subsidiaries, the Company would be harmed since it is heavily dependent upon them for all aspects of the Company's activities.** The Company is dependent on key employees and contractors, and on a relatively small number of key directors and officers, the loss of any of whom could have, in the short-term, a negative impact on the Company's business and results of operations. The Company has a consulting agreement or employment agreement, as applicable, with each of the Company's officers.

- **Management may be subject to conflicts of interest due to their affiliations with other resource companies.** Because some of the Company directors and officers have private mining interests and also serve as officers and/or directors of other public mining companies, their personal interests may be in conflict with the interests of the Company. Because of their activities, situations may arise where these persons are presented with mining opportunities, which may be desirable for the Company, as well as other companies in which they have an interest, to pursue. If the Company is unable to pursue such opportunities because of its officers' and/or directors' conflicts, this would reduce the Company's opportunities to increase its future profitability and revenues. In addition to competition for suitable mining opportunities, the Company competes with these other companies for investment capital, and technical resources, including geologists, metallurgists and mining engineers and others. Similarly, if the Company is unable to obtain necessary investment capital and technical resources because of its officers' and directors' conflicts, the Company would not be able to obtain potential profitable properties or interests which would reduce the Company's opportunities to increase its future revenues and income. Any material potential conflicts of interest is directed to the Company's board of directors and is resolved on a case by case basis in accordance with applicable Canadian law. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws. Nevertheless, potential conflicts of interests could deny the Company access to important corporate opportunities.

- **Future sales of common shares by existing shareholders could decrease the trading price of the common shares.** Sales of large quantities of the common shares in the public markets or the potential of such sales could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

- **The profitability of the Company's operations and the cash flow generated by these operations are significantly affected by fluctuations in input production prices, many of which are linked to the prices of oil and steel.** Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tires, steel and mining equipment consumed in mining operations form a relatively large part of the operating costs and/or capital expenditures of any mining company. The Company has no influence over the cost of these consumables, many of which are linked to some degree to the price of oil and steel.

  The price of oil has recently been volatile. The Company's mines at Bong Mieu and Phuoc Son are most vulnerable to changes in the price of oil. Furthermore, the price of steel which is used in the manufacture of most forms of fixed and mobile mining equipment is also a relatively large contributor to the operating costs and capital expenditure of a mining company and has also been volatile recently.

  Fluctuations in the price of oil and steel have a significant impact upon operating cost and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects not viable.

- **Inflation may have a material adverse effect on the Company's operational results.** Most of the Company's operations are located in countries that have experienced high rates of inflation during certain periods. Since the Company is unable to influence the market price at which it sells gold, it is possible that significantly higher future inflation in the countries in which the Company operates may result in an increase in future operational costs in local currencies (without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold). This could have a material adverse effect upon the Company's results of operations and its financial condition. Significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being reduced or rationalized at higher cost mines.

- **Mining companies such as the Company are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate.** As a result of public concern about the perceived ill effects of economic globalization, businesses generally and multinational corporations such as the Company face increasing public scrutiny of their activities. These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other stakeholders, including employees, communities surrounding operations and the countries in which they operate, benefit and will continue to benefit from their commercial activities. Such pressure tends to be particularly focused on companies whose activities are perceived to have a high impact on their social and physical environment. The Company's failure to adequately perceive and address these pressures could lead to reputational damage, legal suits and social spending obligations.

  In addition, the location of mining operations often coincides with the location of existing towns and villages, natural water courses and other infrastructure. Mining operations must therefore be designed to minimize their impact on such communities and the environment, either by changing mining plans to avoid any such impact, modifying mining plans and operations, or relocating the relevant people to an agreed location. These measures may include agreed levels of compensation for any adverse impact the mining operation may continue to have upon the community. The Company is subject to the above factors at its mining and exploration sites. The cost of these measures could increase capital and operating costs and therefore could have an adverse impact upon the Company's results of operations.

CAUTIONARY NOTES

CAUTIONARY NOTE TO US INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

This MD&A uses the term “measured and indicated resources”. We advise US investors that while those terms are recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize them. US investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

This MD&A uses the term “inferred resources”. We advise US investors that while this term is recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize it. “Inferred resources” have a great uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or prefeasibility studies, except in rare cases. US investors are cautioned not to assume that part or all of an inferred resource exists, or is economically and legally mineable.

NON-IFRS MEASURES

The Company has included non-IFRS measures for “Operating cash cost per gold ounce sold”, "Operating cash cost per gold ounce produced" and “All-In Sustaining Costs” in this MD&A to supplement its financial statements which are presented in accordance with IFRS. Operating cash costs per ounce produced (sold) is calculated by dividing operating cash costs by gold ounces produced (sold) for the relevant period. All-in sustaining costs per ounce produced includes operating cash costs, plus a share of corporate administration costs and share-based payment expenses related to Company's operations in Vietnam, plus sales based taxes and government fees, plus an annualized estimate of sustaining capital and exploration expenditure, divided by gold ounces produced for the relevant period. It excludes corporate income tax, reclamation and remediation costs.

The Company believes that these measures provide investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The World Gold Council released on June 27, 2013 guidance regarding the non-GAAP measures “All-In Sustaining Costs” and “All-In Costs” it recommends that its members adopt. The Company is reviewing the recommended measures and assessing their impact. The Company may modify the calculation of its “all-in sustaining cost” measure to conform to the industry’s standard following its review.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to, but not limited to, management's expectations, estimates, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “project”, “goal”, “plan”, “intend”, “budget”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include, but is not limited to, statements regarding: reserve and resource estimates; estimates of future production; unit costs, costs of capital projects and timing of commencement of operations; production and recovery rates; financing needs, the availability of financing on acceptable terms or other sources of funding, if needed; and the timing of additional tests, feasibility studies and environmental or other permitting.

Forward-looking statements should not be construed as guarantees of future performance. The forward-looking statements contained herein are based on our management's current expectations, estimates, assumptions, opinion and analysis in light of its experience that, while considered reasonable at the time, may turn out to be incorrect or involve known and unknown risks, uncertainties and other factors inherently subject to a number of business and economic risks and uncertainties and contingencies that could cause actual results to differ materially from any forward-looking statement. These risks, uncertainties and other factors include, but are not limited to, the following: failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; changes in national and local government legislation, taxation or regulations, political or economic developments; the ability to obtain financing on favorable terms or at all; inflation; changes in currency exchange rates; fluctuations in commodity prices; delays in the development of projects; and other risks that we set forth in our filings with applicable securities regulatory authorities from time to time and available at www.sedar.com or www.sec.gov/edgar.

Due to the inherent risks associated with our business, readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. We disclaim any intention or obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by applicable laws.

TECHNICAL INFORMATION AND QUALIFIED PERSON

The technical information in this MD&A that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information complied by Mr. Rod Murfitt, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Murfitt has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person", as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve" and to qualify as a "Qualified Person" as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Mr. Murfitt is a full-time consultant to the Company and is not "independent" within the meaning of National Instrument 43-101. Mr. Murfitt consents to the inclusion in this report of the technical information in the form and context in which it appears.

Mr. Murfitt verified the data disclosed, including sampling, analytical and test data underlying the information contained herein. For a description of Besra's data verification process, quality assurance program and quality control measure applied, the type of analytical or testing procedures utilized, sample size, name and location of testing laboratories, the effective date of the mineral resource and ore reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and ore reserves set out in this report, any known environmental, political, legal, title, or other risks that could materially affect the potential development of the mineral resources or ore reserves, readers are directed to the technical reports entitled "A Technical Review of the Bong Mieu Gold Project in Quang Nam Province, Vietnam" in September 2004, "Technical Review of the Bong Mieu Gold Project in Quang Nam Province, Vietnam" in August 2007 and "Updated Technical Review of Bong Mieu Gold Project in Quang Nam Province, Vietnam" dated April 2009 in relation to the Bong Mieu Gold Project, and the technical reports entitled "A Technical Review of the Phuoc Son Gold Project in Quang Name Province, Vietnam" dated January 2004 and "Technical Report on the Phuoc Son Project in Quang Nam Province, Vietnam" dated March 2008 in relation to the Phuoc Son Gold Project, and the technical report entitled "Technical Report on Bau Project in Bau, Sarawak, East Malaysia" dated August 2010 in relation to the Bau Gold Project.

STATEMENT OF MANANGEMENT'S RESPONSIBILITY

The accompanying consolidated financial statements, Management's Discussion and Analysis and all of the other information included in the Annual Report have been prepared by and are the responsibility of management of the Company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect management's best estimates and judgments based on currently available information. The Company has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. Management believes that the internal controls provide reasonable assurance that our financial information is reliable and relevant, and that assets are properly accounted for and safeguarded from loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee, appointed by the Board and comprised of independent directors, which meets with the independent auditors to satisfy itself that management's responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval.

The consolidated financial statements have been audited by Ernst & Young LLP Chartered Accountants. The independent auditors have unrestricted access to the Audit Committee. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

Signed: *"John A.G. Seton"*

John A. G. Seton
Chief Executive Officer
September 17, 2013

Signed: *"S. Jane Bell"*

S. Jane Bell
Chief Financial Officer
September 17, 2013

INDEPENDENT AUDITOR'S REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Besra Gold Inc.

We have audited the accompanying consolidated financial statements of Besra Gold Inc, which comprise the consolidated statements of financial position as at June 30, 2013 and 2012, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the year ended June 30, 2013, the six-month period June 30, 2012 and the year ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Besra Gold Inc. as at June 30, 2013 and 2012, and its financial performance and its cash flows for the year ended June 30, 2013, the six-month period ended June 30, 2012 and the year ended December 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that the Company incurred a net loss of $25.3 million during the year ended June 30, 2013 and, as of that date; the Company's current liabilities exceeded its current assets by $21.3 million. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
September 17, 2013

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

For the year ended June 30, 2013

US$	Note(s)	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Sales		82,772,713	34,552,265	47,976,630
Cost of sales		43,644,257	14,828,440	22,906,966
Gross profit		**39,128,456**	**19,723,825**	**25,069,664**
Royalty expense		9,304,628	4,264,873	6,393,203
Environmental fees		4,140,175	1,203,057	—
Corporate and administrative expenses		6,625,914	3,743,652	8,919,587
Share-based compensation	21	2,012,549	1,462,071	1,277,892
Exploration costs		932,364	287,528	669,119
		23,015,630	**10,961,181**	**17,259,801**
Earnings before net finance costs, income tax, depreciation, amortization and impairments		**16,112,826**	**8,762,644**	**7,809,863**
Depreciation and amortization		20,749,097	11,922,054	13,410,876
Impairment charge	10,11,12,13	14,030,768	12,812,162	—
Loss on capital assets disposal		—	25,824	251,994
Finance charges	9	4,939,108	930,104	(11,678,462)
		39,718,973	**25,690,144**	**1,984,408**
Income/(loss) before income tax		**(23,606,147)**	**(16,927,500)**	**5,825,455**
Income tax expense	25	1,696,882	1,399,391	4,180,557
Total comprehensive income/(loss) for the period		**(25,303,029)**	**(18,326,891)**	**1,644,898**
Attributable to:				
Equity owners		(23,254,669)	(15,320,128)	1,084,649
Non-controlling interest		(2,048,360)	(3,006,763)	560,249
Earnings/(loss) per share				
Basic	8	(0.061)	(0.040)	0.003
Diluted	8	(0.061)	(0.040)	0.003

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

As at June 30, 2013

US$	Note	Jun 30, 2013	Jun 30, 2012
ASSETS			
Current			
Cash and cash equivalents	26	4,062,045	3,397,728
Tax and other receivables	14	1,975,955	1,614,115
Inventories	15	12,224,852	11,295,411
Prepayments		1,614,240	2,605,304
		19,877,092	**18,912,558**
Non-current			
Advances on plant & equipment		91,003	147,247
Property, plant & equipment	10	17,231,269	32,826,934
Deferred exploration expenditure	11	22,678,843	21,428,562
Deferred development expenditure	12	6,216,049	10,636,534
Mine properties	13	35,265,242	37,165,314
		81,482,406	**102,204,591**
TOTAL ASSETS		**101,359,498**	**121,117,149**
LIABILITIES			
Current			
Provisions	16	1,450,071	1,219,683
Derivative financial liabilities	19	—	3,280,000
Trade and other payables	17	27,429,290	15,196,243
Interest-bearing loans and borrowings	18	6,981,965	11,474,321
Convertible notes	18	5,353,217	621,092
		41,214,543	**31,791,339**
Non-current			
Provisions	16	1,404,846	1,151,327
Derivative financial liabilities	19	882,850	6,063,607
Convertible notes	18	9,803,088	24,320,588
Interest-bearing loans and borrowings	18	16,645,179	—
Deferred tax liabilities	25	6,717,486	7,228,227
		35,453,449	**38,763,749**
TOTAL LIABILITIES		**76,667,992**	**70,555,088**
EQUITY			
Issued capital and reserves	20	129,390,208	129,495,807
Deficit		(104,357,827)	(81,103,158)
		25,032,381	**48,392,649**
Non-controlling interest		(340,875)	2,169,412
TOTAL EQUITY		**24,691,506**	**50,562,061**
TOTAL LIABILITIES AND EQUITY		**101,359,498**	**121,117,149**
Commitments, contingencies and contractual obligations	23		

For and on behalf of the Board
September 17, 2013

Signed: *"John A.G. Seton"*
John A. G. Seton
Chief Executive Officer

Signed: *"Jon Morda"*
Jon Morda
Director & Chairman of the Audit Committee

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended June 30, 2013

US$	Issued Capital	Deficit	Reserves (note 20)	Non-Controlling Interest	Total Equity
Balance at December 31, 2010	**129,903,856**	**(66,867,679)**	**(3,491,354)**	**5,682,771**	**65,227,594**
Income for the year	—	1,084,649	—	560,249	1,644,898
Issue of share capital	6,016,121	—	—	750,000	6,766,121
Share capital cancelled	(73,022)	—	—	—	(73,022)
Options granted and vested	—	—	3,063,380	—	3,063,380
Options exercised	—	—	(661)	—	(661)
Warrants granted and vested	—	—	896,484	—	896,484
Investment in subsidiary	—	—	(4,927,389)	(1,072,611)	(6,000,000)
Balance at December 31, 2011	**135,846,955**	**(65,783,030)**	**(4,459,540)**	**5,920,409**	**71,524,794**
Loss for the period	—	(15,320,128)		(3,006,763)	(18,326,891)
Issue of share capital	—	—	—	(211,843)	(211,843)
Share capital cancelled	(910,114)	—	—	—	(910,114)
Options granted and vested	—	—	1,462,067	—	1,462,067
Options exercised	197,856	—	(173,808)	—	24,048
Investment in subsidiary	—	—	(2,467,609)	(532,391)	(3,000,000)
Balance at June 30, 2012	**135,134,697**	**(81,103,158)**	**(5,638,890)**	**2,169,412**	**50,562,061**
Loss for the period	—	(23,254,669)	—	(2,048,360)	**(25,303,029)**
Options granted and vested	—	—	2,012,549	—	**2,012,549**
Options exercised	47,595	—	(27,670)	—	**19,925**
Investment in subsidiary	—	—	(2,138,073)	(461,927)	**(2,600,000)**
Balance at June 30, 2013	**135,182,292**	**(104,357,827)**	**(5,792,084)**	**(340,875)**	**24,691,506**

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended June 30, 2013

US$	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
OPERATING ACTIVITIES			
Total comprehensive income / (loss) for the period	**(25,303,029)**	**(18,326,891)**	**1,644,898**
Items not affecting cash			
Depreciation and amortization	20,749,097	11,922,054	13,410,876
Impairment charge	14,030,768	12,812,162	—
Loss on disposal of capital assets	10,637	25,824	251,994
Loss/(gain) on gold loan principal repayment	2,051,461	1,157,625	(2,305,926)
Stock-based compensation expense	2,012,548	1,462,071	1,277,892
Deferred income tax	(589,000)	694,349	213,400
Deferred issuance costs	2,919,480	—	673,456
Derivatives revaluation	(10,625,497)	(4,619,530)	(16,351,957)
Interest and accretion of term loans	6,055,667	2,756,314	3,190,811
Unrealized foreign exchange	(720,698)	(239,638)	(508,282)
Other non-cash items	101,894	56,348	79,969
Changes in non-cash working capital balances			
Trade and other receivables and other financial assets	629,224	1,234,970	3,395,252
Trade and other payables	11,822,807	(1,849,952)	7,981,187
Inventory	(9,668,496)	(1,980,562)	(10,115,544)
Cash provided by operating activities	**13,476,863**	**5,105,144**	**2,838,026**
INVESTING ACTIVITIES			
Deferred exploration and development costs	(9,989,109)	(7,969,936)	(16,051,004)
Acquisition of property, plant and equipment	(3,953,559)	(1,660,342)	(10,108,738)
Investment in subsidiary	(2,600,000)	(3,000,000)	(6,000,000)
Cash used in investing activities	**(16,542,668)**	**(12,630,278)**	**(32,159,742)**
FINANCING ACTIVITIES			
Repayment of the secured bank loan	(4,773,374)	—	—
Proceeds from secured bank loan	8,519,833	3,028,593	—
Shares issued, net of costs	—	—	5,498,220
Purchase of shares through share buy-back	(30,752)	(910,114)	(73,022)
Capital lease payments	—	—	(609,626)
Convertible notes issued	—	—	28,732,255
Capital contributions from JV partner	—	—	750,000
Proceeds from options and warrants exercised	—	24,048	1,487
Cash provided by financing activities	**3,715,707**	**2,142,527**	**34,299,314**
Increase/(decrease) in cash during the period	649,902	(5,382,607)	4,977,598
Cash - beginning of the period	**3,397,728**	**8,730,248**	**4,105,325**
Effect of foreign exchange rate changes on cash	14,415	50,087	(352,675)
Cash - end of the period	**4,062,045**	**3,397,728**	**8,730,248**
Supplemental information			
Interest paid	4,628,057	2,182,027	3,846,066
Income taxes paid	511,961	2,803,404	3,077,065

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The consolidated financial statements of Besra Gold Inc. (formerly known as Olympus Pacific Minerals Inc.) (the "Company" or "Besra") and its subsidiaries (together, the "Group") for the year ended June 30, 2013 were authorized for issue in accordance with a resolution of the Company's board of directors on September 17, 2013. Besra is a corporation continued under the *Canada Business Corporation Act* with its registered office located and domiciled in Toronto, Ontario, Canada whose shares are publicly traded on the Toronto Stock Exchange ("TSX"), the Australian Securities Exchange ("ASX") and the OTCQX Bulletin Board in the United States of America.

The principal activities of the Group are the exploration, development and mining of mineral properties in South East Asia. The Company has four key properties; the Bau Goldfield in East Malaysia, Bong Mieu and Phuoc Son in Central Vietnam, and Capcapo in the Philippines.

2. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements include all of the information required for full annual financial statements.

3. Basis of Preparation and Going Concern

The consolidated financial statements are presented in United States ("US") dollars, which is the Company's functional and the Group's presentation currency.

The accounting policies in Note 4 have been applied in preparing the consolidated financial statements. These policies are based on IFRS as issued by the IASB and in effect as of June 30, 2013.

These consolidated financial statements were prepared on a going concern basis, under the historical cost basis, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

During the year ended June 30, 2013, the Group incurred a net loss of US$25,303,029. As at June 30, 2013 the Group's current liabilities exceeded its current assets by US$21,337,451. As a result, there is a substantial doubt regarding the ability of the Company to continue as a going concern. The ability of the Company to continue as a going concern depends upon its ability to continue profitable operations or to continue to access debt or equity capital in the ordinary course. No assurance can be given that such capital will be available at all or on terms acceptable to the Company.

These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the "going concern" assumption was not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and consolidated statement of financial position classification, which could be material, may be necessary.

Where necessary, comparatives have been reclassified to maintain consistency and comparability with current year figures (see Note 27 for further details).

Change of Financial Year-End

The financial year-end of the Company was changed from December 31 to June 30 effective for the Company's 2012 financial year. This change was made to better meet operational demands in an Asian based group. Accordingly, the Company's transition period was the six-month period ended June 30, 2012 which means the comparative figures presented in these consolidated financial statements are not entirely comparable; however, they do comply with IFRS.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at June 30, 2013. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4. Summary of Significant Accounting Policies

The consolidated financial statements of Besra Gold Inc. and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Group's reporting for the year ended June 30, 2013.

Foreign Currency Translation

The consolidated financial statements are presented in United States dollars, which is the parent company's functional currency and the Group's presentation currency. The financial statements of subsidiaries are maintained in their functional currencies and converted to US dollars for consolidation of the Group results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The monetary assets and liabilities of the Company that are denominated in currencies other than the United States dollar are translated at the rate of exchange at the consolidated statement of financial position dates and non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the year. Exchange gains and losses arising on translation are included in the consolidated statement of comprehensive income.

Business Combinations

On the acquisition of a subsidiary, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) of the acquiree on the basis of fair value at the date of acquisition. Those mining rights, mineral reserves and resources that are able to be reliably valued are recognized in the assessment of fair values on acquisition. Other potential reserves, resources and mineral rights, for which values cannot be reliably determined, are not recognized. Acquisition costs are expensed.

When the cost of acquisition exceeds the fair values attributable to the Group's share of the identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed for impairment annually or where there is an indication of impairment. If the fair value attributable to the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in the consolidated statement of comprehensive income.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented in equity in the consolidated statement of financial position, separately from the parent's shareholders' equity.

Mine Properties

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

Purchased interest in mineral properties is recognized as an asset at its cost of acquisition or at fair value if purchased as part of a business combination. All costs, comprised of cash paid and/or the assigned value of share consideration, relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the project to which they relate is placed into production, sold or where management has determined impairment. The capitalized cost of the mineral properties is tested for recoverability whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds the recoverable amount. The net proceeds from the sale of a portion of a mineral project which is sold before that project reaches the production stage will be credited against the cost of the overall project. The sale of a portion of a mineral project which has reached the production stage will result in a gain or loss recorded in the consolidated statement of comprehensive income. Mineral properties are amortized on the basis of units produced in relation to the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related project following commencement of commercial production. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Asset Retirement Obligations

Asset Retirement Obligations (“ARO”) occur as a result of the acquisition, development or construction and normal operation of mining property, plant and equipment, due to government controls and regulations protecting the environment and public safety on the closure and reclamation of mining properties. The recorded ARO reflects the expected cost of reclamation, taking into account the probability of particular scenarios.

The Company recognizes the fair value of an ARO as a liability, in the period of disturbance or acquisition associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of that asset. The value of the ARO is estimated using the risk-adjusted expected cash flow approach discounted at a risk-free interest rate. Subsequent to the initial measurement, the ARO is adjusted to reflect the passage of time or changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the long-lived asset that is depreciated over the remaining life of the asset.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies.

The Company defers all exploration and evaluation expenses relating to mineral projects and areas of geological interest, in which it has licenses or a joint venture operating, until the project to which they relate is placed into production, sold or where management has determined impairment. These costs will be amortized over the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related property following commencement of production.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

Initial reconnaissance exploration is expensed as incurred.

An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial period in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Deferred Development Costs

The Company defers all development expenses relating to mineral projects and areas of geological interest, in which it has licenses or a joint venture operating, until the project to which they relate is placed into production, sold or where management has determined impairment. These costs will be amortized over the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met, available on the related property following commencement of production.

Capital Work in Progress

Assets in the course of construction are capitalized in the capital work in progress account. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment.

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Costs associated with a start-up period are capitalized where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Capital work in progress is not depreciated. The net carrying amounts of capital work in progress at each mine property are reviewed for impairment either individually or at the cash-generating unit level and when events and changes in circumstances indicate that these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Property, Plant and Equipment

The Company initially records buildings, plant and equipment, and infrastructure at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

Buildings, plant and equipment, and infrastructure involved in service, production and support are then amortized, net of residual value, using the straight-line method, over the estimated productive life of the asset. Where parts of an asset have different useful lives, depreciation is calculated on each separate part. Each asset or part's estimated useful life has due regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Productive lives for these assets range from 3 to 10 years, but the productive lives do not exceed the related estimated mine life based on proven and probable reserves. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The expected useful lives are as follows:

Buildings	4 to 10 years
Infrastructure	3 to 8 years
Computer hardware and software	3 years
Plant and equipment	3 to 10 years

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

The net carrying amounts of property, plant and equipment are reviewed for impairment either individually or at the cash generating unit level when events and changes in circumstances indicate that the carrying amounts may not be recoverable. To the extent that these values exceed their recoverable amounts, that excess is fully provided against in the financial period in which this is determined.

Expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Group, the expenditure is capitalized and the carrying amount of the item replaced derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

Where an item of property, plant and equipment is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is disclosed as a profit or loss on disposal in the consolidated statement of comprehensive income.

Any items of property, plant or equipment that cease to have future economic benefits are derecognized with any gain or loss included in the consolidated statement of comprehensive income in the financial year in which the item is derecognized.

Leasing Commitments

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A reassessment after inception is only made in specific circumstances.

Leases where substantially all the risks and rewards of ownership have not passed to the Group are classified as operating leases. Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Impairment of Assets

At least annually, the Company reviews and evaluates the carrying value of its non-current assets for impairment. They are also reviewed for impairment when events or changes in circumstances, such as a decrease in commodity (gold) prices, increase in costs of capital, the achievement of lower than expected resource quantities and grades or the expiration and non-renewal of a key exploration or mining license, indicate that the carrying amounts of related assets or groups of assets might not be recoverable. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash inflows independent of other assets, in which case the review is undertaken at the cash-generating unit level. Where a cash-generating unit, or group of cash-generating units, has goodwill allocated to it, or includes intangible assets that are either not available for use or that have an indefinite useful life (and which can only be tested as part of a cash-generating unit), an impairment test is performed at least annually or whenever there is an indication that the carrying amounts of such assets may be impaired.

If the carrying amount of an asset exceeds its recoverable amount, defined as the higher of the asset's value-in-use and its fair value less costs to sell, an impairment loss is recorded in the consolidated statement of comprehensive income to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a market-determined pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued use and eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate.

An impairment loss is reversed in the consolidated statement of comprehensive income (loss) if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount, but not beyond the carrying amount, net of depreciation or amortization that would have arisen if the prior impairment loss had not been recognized. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Stripping Costs

Stripping costs incurred during the production phase of a mine are accounted for as variable production costs that are included in the costs of the inventory produced during the period that the stripping costs are incurred.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. The Company does not have any overdraft facilities with any bank. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made at call and for less than one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits at June 30, 2013 and at June 30, 2012 approximates carrying value. The Group only deposits cash surpluses with major banks of high quality credit standing.

Inventory

Inventory is comprised of ore in stockpiles, operating supplies, gold in circuit, doré bars and gold bullion. Inventory is recorded at the average cost, determined from the weighted average of the cost of similar items at the beginning of a month and the cost of similar items added during the month. Gold bullion, doré bars and gold in circuit inventory cost includes the laid-down cost of raw materials plus direct labor and an allocation of applicable overhead costs. Gold in circuit inventory represents gold in the processing circuit that has not completed the production process, and is not yet in a salable form.

Ore in stockpiles is measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces (based on assay data) and estimated metallurgical recovery rates (based on the expected processing method). Costs are allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overheads, depreciation, depletion and amortization relating to mining operations, and removed at the stockpiles average cost per recoverable unit.

The Company values finished goods (gold bullion and doré bars), ore in stockpiles, and gold in circuit at the lower of cost or net realizable value.

Operating supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Borrowing Costs

Borrowing costs are considered an element of the historical cost of an asset when a period of time is necessary to prepare it for its intended use. The Company capitalizes borrowing costs to assets under development or construction while development or construction activities are in progress. Capitalizing borrowing costs ceases when construction of the asset is substantially complete and it is ready for its intended use.

Borrowing costs related to the establishment of a loan facility are capitalized and amortized over the life of the facility. Other borrowing costs are recognized as an expense in the financial period in which it is incurred.

Financial Instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. The Group determines the classification of its financial assets at initial recognition.

All financial liabilities are initially recognized at their fair value. Subsequently, all financial liabilities with the exception of derivatives are carried at amortized cost.

The Group considers whether a contract contains an embedded derivative when the Group becomes a party to the contract. Embedded derivatives are separated from the host contract if it is not measured at fair value through profit and loss and when the economic characteristics and risks are not closely related to the host contract.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (“EIR”), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized as finance costs in the consolidated statement of comprehensive income.

Fair Values

The fair value of quoted financial assets is determined by reference to bid prices at the close of business on the date of the consolidated statement of financial position. Where there is no active market, fair value is determined using valuation techniques. These include recent arm’s-length market transactions; reference to current market values of other instruments which are substantially the same; discounted cash flow analysis; and pricing models.

Derivative financial instruments are valued using applicable valuation techniques such as those outlined above.

De-Recognition of Financial Assets and Liabilities

Financial assets

A financial asset is de-recognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, it continues to recognize the financial asset to the extent of its continuing involvement in the asset.

Financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

Gains and losses on de-recognition are recognized within finance income and finance costs respectively.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Impairment of Financial Assets

The Group assesses at each date of the consolidated statement of financial position whether a financial asset is impaired.

Financial assets carried at amortized costs

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. Objective evidence of impairment of loans and receivables exists if the counter-party is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counter-party that would not normally be granted, or it is probable that the counter-party will enter into bankruptcy or a financial reorganization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost as at the reversal date.

Assets carried at cost

If there is objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Interest Bearing Loans and Borrowings

Loans are recognized at inception at the fair value of proceeds received, net of directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Finance costs are recognized in the consolidated statement of comprehensive income using the effective interest method.

Convertible Notes

The components of the convertible note that exhibit characteristics of a liability are initially recognized at fair value as a liability in the consolidated statement of financial position, net of transaction costs and are subsequently accounted for at amortized cost. The derivative liability components (warrants and conversion features) are fair valued using a Binomial option pricing model. The carrying amount of the warrant and conversion features are re-measured at each reporting date and any movement in value is reflected in the consolidated statement of comprehensive income.

The remainder of the proceeds is allocated to the convertible note debt that is recognized and included in term liabilities, net of broker transaction costs. Interest on the liability component of the convertible note is recognized as an expense in the statement of comprehensive income.

Transaction costs were apportioned between the components of the convertible note based on the allocation of proceeds to such components when the instrument was first recognized.

Gold Loan Notes

The equity components (attached warrants) are valued using the Black Scholes option pricing model after taking account of relevant inputs.

The remainder of the proceeds is allocated to the gold note debt that is recognized and included in term liabilities, net of an allocated portion of broker transaction costs, and is accreted to face value over the life of the debt on an effective yield basis.

The call option and put option features of the Gold Loan are re-valued at each reporting date using the Black 76 variant of the Black-Scholes option pricing model, with each gold deposit date. Interest on the liability component of the gold note is recognized as an expense in the consolidated statement of comprehensive income.

Transaction costs were apportioned between the liability, equity and derivative components of the gold note based on the allocation of proceeds to the liability, equity and derivative components when the instrument was first recognized.

Gold-Linked Notes

The Gold Price Participation value and the put option features of the Gold-Linked Notes are re-valued at each reporting date using the Binominal Lattice option pricing model. Interest on the liability component of the gold note is recognized as an expense in the consolidated statement of comprehensive income.

Transaction costs were apportioned between the liability and derivative components of the gold-linked note based on the allocation of proceeds to the liability and derivative components when the instrument was first recognized.

Derivative Financial Instruments

The Group has embedded derivative instruments in its debt finance on the Gold-linked notes and Convertible notes.

The components of the gold note that exhibit characteristics of a derivative, being those that fluctuate in accordance with gold price movements, are recognized at fair value as a derivative liability at the date of issue. The derivative liability is re-valued at each reporting date with the corresponding unrealized movement in value being reflected in the consolidated statement of comprehensive income.

The convertible notes are denominated in Canadian dollars and US dollars and the associated warrants are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the stock underlying the warrants and conversion feature is not denominated in the Company's functional currency the contractual obligations arising from the warrants and conversion feature do not meet the definition of equity instruments and are considered derivative liabilities. The warrants are recorded as financial liabilities and are re-valued at each reporting date with any change in valuation being recognized in the consolidated statement of comprehensive income.

Employee Entitlements

Provisions are recognized for short-term employee entitlements, on an undiscounted basis, for services rendered by employees that remain unpaid at the date of the consolidated statement of financial position.

Other Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs in the consolidated statement of comprehensive income.

Taxation

Current tax

Current tax for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the date of the consolidated statement of financial position and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax

Deferred tax is recognized using the "balance sheet" method in respect of all temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes, except as indicated below:

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the date of the consolidated statement of financial position.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax.

Ordinary Share Capital

Ordinary shares issued by the Company are recorded at the net proceeds received, which is the fair value of the consideration received less costs that are incurred in connection with the share issue.

Stock-Based Cash Settled Transactions

The transactions involving the issuance of vested and vesting warrants associated with the 2010 convertible note issue and the warrants to the agent under the offering are measured initially at fair value at the grant date using a binomial model, taking into account the terms and conditions upon which the instruments were granted. The contractual life of each warrant is four years.

Stock-Based Compensation

The Group makes share-based awards to certain directors, officers, employees and consultants.

Equity-settled awards

For equity-settled awards, the fair value is charged to the consolidated statement of comprehensive income and credited to equity, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest (taking into account the achievement of non-market-based performance conditions). The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). The fair value is determined using a Black Scholes option pricing model. At each date of the consolidated statement of financial position prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed (after adjusting for non-market performance conditions). The movement in cumulative expense is recognized in the consolidated statement of comprehensive income with a corresponding entry within equity.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification, over the remainder of the new vesting period.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated statement of comprehensive income. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new award is treated as if it is a modification of the original award, as described in the previous paragraph.

Cash-settled awards

For cash-settled awards, the fair value is recalculated at each balance date until the awards are settled based on the estimated number of awards that are expected to vest, adjusting for market and non-market based performance conditions. During the vesting period, a liability is recognized representing the portion of the vesting period that has expired at the date of the consolidated statement of financial position multiplied by the fair value of the awards at that date. After vesting, the full fair value of the unsettled awards at each balance date is recognized as a liability. Movements in the liability are recognized in the consolidated statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Sales, export taxes or duty are recorded as part of cost of sales.

Revenue from the sale of gold and by-products, such as silver, are recognized when: (i) the significant risks and rewards of ownership have been transferred; (ii) reasonable assurance exists regarding the measurement of the consideration that will be derived from the sales of goods, and the extent to which goods may be returned; and (iii) ultimate collection is reasonably assured. The risks and rewards of ownership for the gold and silver reside with the Company until the point that gold and silver are confirmed as sold to the end consumer. Gold is sold on the spot market in US dollars whereas silver is sold at the silver fixing price of the London Bullion Market in US dollars.

Refining and transport charges are classified as part of cost of sales and revenues from by-products are netted against cost of sales.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are prepared by appropriately qualified people and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

Ore Reserves and Resource Estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provisions for asset retirements, recognition of deferred tax assets, and depreciation and amortization charges.

Derivative Valuation (Note 19)

The Group measures certain derivative financial liabilities by reference to their fair values at the date of the consolidated statement of financial position. The estimation of fair value of such derivatives is based upon factors such as estimates of commodity prices and volatility, equity prices, risk-free rates and terms to maturity. Changes in such estimates may impact upon the carrying value of derivative liabilities and derivative revaluation charges.

Impairment of Assets (Notes 10, 11, 12, 13)

The Group assesses each cash generating unit annually to determine whether any indication of impairment of the assets comprising the cash generating unit exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These estimates require the use of assumptions such as long-term commodity prices, discount rates, future capital requirements, political environment, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being individual ore bodies, which is the lowest level for which cash inflows are largely independent of those of other assets.

Deferred Exploration Expenditure (Note 11)

Exploration costs are capitalized by the Group and accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Production Start Date (Notes 10, 11, 12, 13)

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from 'capital assets in progress' to 'producing mines' and 'property, plant and equipment'. Some of the criteria used will include, but are not limited to, the following:

- level of capital expenditure incurred compared to the original construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in salable form (within specifications);
- ability to sustain ongoing production of metal.

When a mine development/construction project moves into the production stage, the capitalization of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortization commences.

Inventories (Note 15)

Net realizable value tests are performed monthly and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

Asset Retirement Obligations (Note 16)

The provisions for asset retirement obligations are based on estimated future costs using information available at the balance date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the consolidated statement of comprehensive income may be impacted (refer to Note 18).

Share-Based Payment Transactions (Note 21)

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using the Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Contingencies (Note 23)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

6. Changes in Accounting Policies, New Standards and Interpretations

The IASB issued the following new or revised pronouncements that are effective for years beginning on or after January 1, 2013 and may affect the Company's future financial statements. Management has assessed the impact of these pronouncements and does not expect their application to have a pervasive impact on the financial position or results from operations of the Company.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

The IASB has tentatively deferred the effective date of IFRS 9 beyond accounting periods beginning on or after January 1, 2015, pending completion of all project phases.The Company has not yet assessed the impact of the standard which would be effective as of future fiscal years.

IFRS 10 Consolidated Financial Statements

On July 1, 2013, the Company adopted the requirements of IFRS 10, Consolidated Financial Statements have replaced portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation — Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no ‘bright lines’. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice.

IFRS 11 Joint Arrangements

On July 1, 2013, the Company adopted IFRS 11, Joint Arrangements, which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. Due to the adoption of this new section, venturers will transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. Based on the preliminary analysis performed, IFRS 11 is not expected to have any impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

On July 1, 2013, the Company adopted IFRS 12, Disclosure of Involvement with Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. Based on the preliminary analysis performed, IFRS 12 is expected to result in the additional disclosure of the Group's interest in its subsidiaries.

IFRS 13 Fair Value Measurement

On July 1, 2013, the Company adopted IFRS 13, Fair Value Measurement. The new standard will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the ‘exit price’ and concepts of ‘highest and best use’ and ‘valuation premise’ would be relevant only for non-financial assets and liabilities. Based on the preliminary analysis performed, IFRS 13 is not expected to have any impact on the Group.

IAS 27 Separate Financial Statements

On July 1, 2013, the Company adopted IAS 27, Separate Financial Statements. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. Based on the preliminary analysis performed, IAS 27 is not expected to have any impact on the Group.

IAS 28 Investments in Associates and Joint Ventures

On July 1, 2013, the Company adopted IAS 28, Investments in Associates and Joint Ventures. As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control, or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. Based on the preliminary analysis performed, IAS 28 is not expected to have any impact on the Group.

Impairment of Assets Exposure Draft

In January 2013 the IASB published an exposure draft (ED) to set out proposed modifications to the disclosures in IAS 36 Impairment of Assets for the measurement of the recoverable amount of impaired assets. The amendment would require an entity to disclose the recoverable amount of an asset (including goodwill) for which an impairment loss was recognized or reversed during the reporting period. In addition, the ED proposes an amendment that would require an entity to disclose the discount rate that was used in a present value technique in order to determine the recoverable amount of an impaired asset, regardless of whether that recoverable amount was based on fair value less costs of disposal or value in use. This proposed amendment overlaps with the amendment to IAS 36 that had been previously proposed by the ED Annual Improvements to IFRSs 2010-2012 Cycle published in May 2012.

The proposed amendments would be applied retrospectively for annual periods beginning on or after January 1, 2014. The IASB also proposes to permit earlier application, but will not require an entity to apply those amendments in periods (including comparative periods) in which the entity does not also apply IFRS 13. The Company has not yet assessed the impact of the standard which would be effective as of fiscal year commencing July 1, 2014 or determined whether it will adopt the standard early.

Levies

On May 21, 2013, the IASB issued IFRIC 21 Levies ("IFRIC 21"), an interpretation on the accounting for levies imposed by governments. IFRIC 21 is an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect IFRIC 21 to have a material impact on its financial statements.

7. Segment Analysis

For management purposes, the Group is organized into one business segment and has two reportable segments based on geographic area as follows:

- The Company's Vietnamese operations produce ore in stockpiles, gold in circuit, doré bars and gold bullion through its Bong Mieu and Phuoc Son subsidiaries.
- The Company's Malaysian operations are engaged in the exploration for, and evaluation of, gold properties within the country.

Management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, as well as mine development, and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

All revenues are transacted via one merchant on behalf of external customers unknown to the Group.

US$	Property, plant and equipment	Deferred exploration expenditure	Deferred development expenditure	Mine properties	Other non-current assets	Total non-current assets	Current assets	Liabilities
June 30, 2013								
Vietnam	16,466,502	8,060,103	6,216,049	3,438,805	91,003	34,272,462	18,765,947	34,332,131
Malaysia	120,916	14,618,740	—	31,276,437	—	46,016,093	147,995	6,970,128
Other	643,851	—	—	550,000	—	1,193,851	963,150	35,365,733
Total	**17,231,269**	**22,678,843**	**6,216,049**	**35,265,242**	**91,003**	**81,482,406**	**19,877,092**	**76,667,992**
June 30, 2012								
Vietnam	32,461,421	10,764,709	10,636,534	5,338,877	147,247	59,348,788	16,122,295	18,374,461
Malaysia	139,248	10,663,853	—	31,276,437	—	42,079,538	131,511	7,129,422
Other	226,265	—	—	550,000	—	776,265	2,658,752	45,051,205
Total	**32,826,934**	**21,428,562**	**10,636,534**	**37,165,314**	**147,247**	**102,204,591**	**18,912,558**	**70,555,088**
December 31, 2011								
Vietnam	36,680,791	11,990,153	20,276,490	6,070,128	943,747	75,961,309	25,885,982	16,337,040
Malaysia	99,954	7,526,402	—	31,276,437	—	38,902,793	226,969	6,857,473
Other	157,370	—	—	550,000	—	707,370	3,567,751	50,532,867
Total	**36,938,115**	**19,516,555**	**20,276,490**	**37,896,565**	**943,747**	**115,571,472**	**29,680,702**	**73,727,380**

	Year ended June 30, 2013		Six months ended June 30, 2012		Year ended December 31, 2011	
US$	Revenue	Segment income/(loss) after tax	Revenue	Segment income/(loss) after tax	Revenue	Segment income/(loss) after tax
Vietnam	82,772,713	(10,772,955)	34,552,265	(11,941,899)	47,976,630	3,129,813
Malaysia	—	(143,180)	—	145,883	—	(563,049)
Other	—	(14,386,894)	—	(6,530,875)	—	(921,866)
Total	**82,772,713**	**(25,303,029)**	**34,552,265**	**(18,326,891)**	**47,976,630**	**1,644,898**

8. Earnings Per Share

US$	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Basic Earnings per Share Attributable to Equity Owners			
(Loss)/profit for the period	(23,254,669)	(15,320,128)	1,084,649
Weighted average number of common shares outstanding	378,819,864	379,450,910	377,193,706
Basic (losses)/earnings per Share Attributable to Equity Owners	(0.061)	(0.040)	0.003
Diluted Earnings per Share Attributable to Equity Owners			
Net (loss)/profit used to calculate diluted earnings per share	(23,254,669)	(15,320,128)	1,084,649
Weighted average number of common shares outstanding	378,819,864	379,450,910	377,193,706
Dilutive effect of stock options outstanding	90,284	321,519	967,077
Weighted average number of common shares outstanding used to calculate diluted earnings per share	378,910,148	379,772,429	378,160,783
Diluted (loss)/earnings per share	(0.061)	(0.040)	0.003

Basic (loss)/earnings per share is calculated by dividing the net earnings loss for the period attributable to the equity owners of Besra by the weighted average number of common shares outstanding for the period.

Diluted (loss)/earnings per share is based on basic earnings loss per share adjusted for the potential dilution if share options and warrants are exercised and the convertible notes are converted into common shares.

9. Finance Charges

US$	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Interest on convertible notes and gold-linked loans	3,952,855	2,158,172	2,348,484
Accretion on convertible notes and gold-linked loans	5,752,733	2,836,517	4,684,451
Interest expense/(income), net	1,105,031	(120,881)	147,089
(Gain)/loss on gold loan principal repayments	2,051,461	1,157,625	(2,305,926)
Derivatives - fair value revaluation	(10,625,497)	(4,619,530)	(16,351,957)
Capital restructure costs	3,435,199	—	—
Foreign exchange gain	(732,674)	(481,799)	(200,603)
Total	**4,939,108**	**930,104**	**(11,678,462)**

10. Property, Plant and Equipment

US$	Land & buildings	Plant & equipment	Infrastructure	Capital assets in progress	Total
COST OR VALUATION					
Balance at January 1, 2012	**3,103,216**	**30,403,504**	**20,337,058**	**775,077**	**54,618,855**
Additions	79,464	2,308,784	210,984	512,645	3,111,877
Disposals	—	(222,728)	—	—	(222,728)
Reclassifications	38,782	38,462	377,405	(454,649)	—
Exchange Differences	—	(790)	—	—	(790)
Balance at June 30, 2012	**3,221,462**	**32,527,232**	**20,925,447**	**833,073**	**57,507,214**
Balance at July 1, 2012	3,221,462	32,527,232	20,925,447	833,073	57,507,214
Additions	36,643	2,432,794	173,912	1,397,158	4,040,507
Disposals	(13,661)	(373,386)	—	—	(387,047)
Reclassifications	277,561	162,036	336,716	(776,313)	—
Exchange Differences	—	(14,223)	—	—	(14,223)
Balance at June 30, 2013	**3,522,005**	**34,734,453**	**21,436,075**	**1,453,918**	**61,146,451**
ACCUMULATED DEPRECIATION					
Balance at January 1, 2012	**(1,203,238)**	**(11,339,412)**	**(5,138,090)**	**—**	**(17,680,740)**
Additions	(237,377)	(2,620,023)	(1,890,268)	—	(4,747,668)
Disposals	—	216,380	—	—	216,380
Reclassifications	—	—	—	—	—
Exchange Differences	—	(252)	—	—	(252)
Balance at June 30, 2012	**(1,440,615)**	**(13,743,307)**	**(7,028,358)**	**—**	**(22,212,280)**
Balance at July 1, 2012	(1,440,615)	(13,743,307)	(7,028,358)	—	(22,212,280)
Depreciation charge for the period	(487,898)	(5,625,902)	(3,936,291)	—	(10,050,091)
Disposals	—	374,030	—	—	374,030
Exchange Differences	—	4,550	—	—	4,550
Balance at June 30, 2013	**(1,928,513)**	**(18,990,629)**	**(10,964,649)**	**—**	**(31,883,791)**
IMPAIRMENT PROVISION					
Balance at July 1, 2012	—	—	—	—	—
Impairment charge	(88,000)	(1,718,000)	(547,000)	(115,000)	(2,468,000)
Balance at June 30, 2012	**(88,000)**	**(1,718,000)**	**(547,000)**	**(115,000)**	**(2,468,000)**
Balance at July 1, 2012	(88,000)	(1,718,000)	(547,000)	(115,000)	(2,468,000)
Impairment charge	(501,065)	(4,951,982)	(3,789,120)	(381,197)	(9,623,364)
Utilization of impairment during the year	—	—	—	59,973	59,973
Balance at June 30, 2013	**(589,065)**	**(6,669,982)**	**(4,336,120)**	**(436,224)**	**(12,031,391)**
NET CARRYING AMOUNT					
Balance at January 1, 2012	**1,899,978**	**19,064,092**	**15,198,968**	**775,077**	**36,938,115**
Balance at June 30, 2012	**1,692,847**	**17,065,925**	**13,350,089**	**718,073**	**32,826,934**
Balance at June 30, 2013	**1,004,427**	**9,073,842**	**6,135,306**	**1,017,694**	**17,231,269**

Plant and equipment with a carrying value of US$8,820,979 at June 30, 2013 has been pledged as security for a bank loan (Note 18). The value of the assets pledged as security under new loan agreement was US$49,704,363 at June 30, 2013 (Note 18).

An impairment charge in the amount of US$2,468,000 was recognized in fiscal year ended June 30, 2012 on property, plant and equipment associated with the Nui Kem project at Bong Mieu. An impairment charge in the amount of US$9,623,364 was recognized in fiscal year ended June 30, 2013 on property, plant and equipment associated with the Bai Dat and Bai Go projects at Phuoc Son (Note 12).

11. Deferred Exploration Expenditure

US$	Bong Mieu	Phuoc Son	North Borneo Gold	Binh Dinh NZ Gold	Total
COST OR VALUATION					
Balance at January 1, 2012	**3,898,206**	**8,611,587**	**7,526,402**	**756,674**	**20,792,869**
Additions	97,049	434,376	3,137,451	39,909	3,708,785
Balance at June 30, 2012	**3,995,255**	**9,045,963**	**10,663,853**	**796,583**	**24,501,654**
Balance at July 1, 2012	3,995,255	9,045,963	10,663,853	796,583	24,501,654
Additions	5,031	408,141	3,954,888	—	4,368,060
Translation adjustments	—	—	—	(12,809)	(12,809)
Balance at June 30, 2013	**4,000,286**	**9,454,104**	**14,618,741**	**783,774**	**28,856,905**
ACCUMULATED AMORTIZATION					
Balance at January 1, 2012	**(162,024)**	**(1,114,290)**	**—**	**—**	**(1,276,314)**
Amortization for the period	(64,820)	(454,455)			(519,275)
Balance at June 30, 2012	**(226,844)**	**(1,568,745)**	**—**	**—**	**(1,795,589)**
Balance at July 1, 2012	(226,844)	(1,568,745)	—	—	(1,795,589)
Amortization for the year	—	(2,044,549)	—	—	(2,044,549)
Balance at June 30, 2013	**(226,844)**	**(3,613,294)**	**—**	**—**	**(3,840,138)**
IMPAIRMENT PROVISION					
Balance at January 1, 2012	—	—	—	—	—
Impairment charge	(91,070)	(1,186,433)	—	—	(1,277,503)
Balance at June 30, 2012	**(91,070)**	**(1,186,433)**	**—**	**—**	**(1,277,503)**
Balance at July 1, 2012	(91,070)	(1,186,433)	—	—	(1,277,503)
Impairment charge	—	(1,060,421)	—	—	(1,060,421)
Balance at June 30, 2013	**(91,070)**	**(2,246,854)**	**—**	**—**	**(2,337,924)**
NET BOOK VALUE					
Balance at January 1, 2012	**3,736,182**	**7,497,297**	**7,526,402**	**756,674**	**19,516,555**
Balance at June 30, 2012	**3,677,341**	**6,290,785**	**10,663,853**	**796,583**	**21,428,562**
Balance at June 30, 2013	**3,682,372**	**3,593,956**	**14,618,741**	**783,774**	**22,678,843**

As the Company did not yet have unencumbered access to the Capcapo property at June 30, 2013, exploration costs incurred to date in respect of this property have been expensed.

The impairment charge for Phuoc Son incurred in the period ended June 30, 2012 related to exploration costs incurred within the core area of the Song Thanh Natural Reserve, which the Company no longer intends exploring or ultimately mining in the future due to access issues surrounding reserve areas in Vietnam (see Note 12).

The impairment charge for Phuoc Son incurred in the period ended June 30, 2013 related to exploration costs incurred within the core area of the Phuoc Son exploration area (see Note 12).

12. Deferred Development Expenditure

US$	Bong Mieu	Phuoc Son	Total
COST			
Balance at January 1, 2012	**16,402,204**	**16,797,676**	**33,199,880**
Additions	1,271,572	4,573,680	5,845,252
Balance at June 30, 2012	**17,673,776**	**21,371,356**	**39,045,132**
Balance at July 1, 2012	17,673,776	21,371,356	39,045,132
Additions	1,272,008	4,436,338	5,708,346
Balance at June 30, 2013	**18,945,784**	**25,807,694**	**44,753,478**
ACCUMULATED AMORTIZATION			
Balance at January 1, 2012	**(3,653,351)**	**(9,270,039)**	**(12,923,390)**
Amortization for the period	(2,485,766)	(3,932,783)	(6,418,549)
Balance at June 30, 2012	**(6,139,117)**	**(13,202,822)**	**(19,341,939)**
Balance at July 1, 2012	(6,139,117)	(13,202,822)	(19,341,939)
Amortization for the period	(2,173,662)	(5,093,435)	(7,267,097)
Balance at June 30, 2013	**(8,312,779)**	**(18,296,257)**	**(26,609,036)**
IMPAIRMENT PROVISION			
Balance at January 1, 2012	**—**	**—**	**—**
Impairment charge	(9,066,659)	—	(9,066,659)
Balance at June 30, 2012	**(9,066,659)**	**—**	**(9,066,659)**
Balance at July 1, 2012	(9,066,659)	—	(9,066,659)
Impairment charge	—	(2,861,734)	(2,861,734)
Balance at June 30, 2013	**(9,066,659)**	**(2,861,734)**	**(11,928,393)**
NET BOOK VALUE			
Balance at January 1, 2012	**12,748,853**	**7,527,637**	**20,276,490**
Balance at June 30, 2012	**2,468,000**	**8,168,534**	**10,636,534**
Balance at June 30, 2013	**1,566,346**	**4,649,703**	**6,216,049**

The impairment charge incurred during the period ended June 30, 2012 for Bong Mieu related to the Nui Kem project where, due to higher than expected costs that were now forecast to continue, management assessed indicators of impairment related to the Nui Kem project and its associated assets and used a discounted cash flow model to calculate the recoverable amount. This resulted in an impairment charge of US$11,534,659 to the Nui Kem project and its associated assets, allocated US$2,468,000 to property, plant and equipment, and US$9,066,659 to deferred development expenditure.

The impairment charge incurred during the period ended June 30, 2013 for Phuoc Son related to the Bai Dat and Bai Go projects. Management has assessed indicators of impairment related to the Phuoc Son projects and its associated assets and used a discounted cash flow model to calculate the value in use. This resulted in an impairment charge of US$14,030,768 to the Phuoc Son project and its associated assets, allocated US$9,623,364 to property, plant and equipment, US$2,861,734 to deferred development expenditure, US $1,060,421 to deferred exploration expenditure, and US$485,248 to mine properties.

13. Mine Properties

US$	Bong Mieu	Phuoc Son	North Borneo Gold	Binh Dinh NZ Gold Co	GR Enmore	Total
Cost as at January 1, 2012, June 30, 2012 and June 30, 2013	**3,220,670**	**4,995,064**	**31,276,437**	**1,333,333**	**550,000**	**41,375,504**
Accumulated amortization as at January 1, 2012	**(1,288,921)**	**(2,190,018)**	**—**	**—**	**—**	**(3,478,939)**
Amortization for the period	(212,554)	(518,697)	—	—	—	**(731,251)**
Accumulated amortization as at June 30, 2012	**(1,501,475)**	**(2,708,715)**	**—**	**—**	**—**	**(4,210,190)**
Accumulated amortization as at July 1, 2012	(1,501,475)	(2,708,715)	—	—	—	**(4,210,190)**
Amortization for the period	(402,149)	(1,012,675)	—	—	—	**(1,414,824)**
Accumulated amortization as at June 30, 2013	**(1,903,624)**	**(3,721,390)**	**—**	**—**	**—**	**(5,625,014)**
Balance at January 1 and June 30, 2012	**—**	**—**	**—**	**—**	**—**	**—**
Impairment charge	—	(485,248)	—	—	—	(485,248)
Balance at June 30, 2013	**—**	**(485,248)**	**—**	**—**	**—**	**(485,248)**
Net book value as at January 1, 2012	**1,931,749**	**2,805,046**	**31,276,437**	**1,333,333**	**550,000**	**37,896,565**
Net book value as at June 30, 2012	**1,719,195**	**2,286,349**	**31,276,437**	**1,333,333**	**550,000**	**37,165,314**
Net book value as at June 30, 2013	**1,317,046**	**788,426**	**31,276,437**	**1,333,333**	**550,000**	**35,265,242**

The Company's exploration and mining licenses related to the above mine properties are of a fixed term. Prior to the expiry of any of its exploration or mining licenses, the Company files applications in the ordinary course to renew those licenses that it deems necessary or advisable for the continued operation of its business.

Bong Mieu Gold Property

The Bong Mieu gold property consists of the Ho Gan open-pit and underground deposits, the Nui Kem underground mine and the Ho Ray -Thac Trang deposit. The Ho Gan open-pit mine was mined out with operations ceasing in April 2012 and the Ho Gan underground operation was closed in August 2012 due to low grade. Nui Kem has been in commercial production since 2009. The property contains multiple gold mineralization zones that are being explored for additional resources.

Phuoc Son Gold Property

The Phuoc Son Gold Project hosts the Dak Sa Shear Zone containing the underground mines, Bai Dat and Bai Go which have been in commercial production since 2009 and 2011, respectively. The process plant, also within the Dak Sa Shear Zone, was brought into commercial production in July 2011. The property contains multiple gold mineralization zones that are being explored for additional resources. The impairment charge of US$485,248 in the period ended June 30, 2013 was incurred for the Phuoc Son mine properties (see Note 12).

Bau Gold Project

The Bau property is a brown-field project, spread over a large geographic area in which the Company is in consortium with a Malaysian company with material Bumiputra interests that owns rights to consolidated mining tenements covering much of the historic Bau Goldfield in Sarawak, East Malaysia. The Bau Gold Project comprises consolidated mining and exploration tenements that collectively cover more than 1,340km^2 of the most highly prospective ground within the historic Bau Gold Project. The Company is nearing completion of a feasibility study and expects to release the results in October 2013. Besra has agreed to acquire a further 7.94% of North Borneo Gold over the next three years from the Malaysian joint venture partner, bringing the total effective holding to 93.55%.

Capcapo Gold Property

The Capcapo Gold Property is located in Abra Province approximately 80km north of the prolific Baguio-Mankayan Gold District in the Northern Philippines. Besra, in consortium with a Philippine company controlled by Philippines nationals, has an option to acquire up to a 60% interest in the Capcapo Gold Project. Capcapo is a large relatively unexplored project analogous to productive deposits within the nearby Baguio mining district. Ore grade Au-Cu mineralization outcrops at surface and drilling indicates grade increases at depth.

Tien Thuan Gold Property

The Tien Thuan Gold Project lies approximately 50km west of the port city of Quy Nhon in Binh Dinh Province in Southern Vietnam. The project area broadly encompasses about 100km^2 of hilly terrain containing numerous hard rock and alluvial gold occurrences, within and peripheral to a large, multiphase intrusive complex of predominately felsic composition.

Enmore Gold Property

The GR Enmore Gold Project covers approximately 325km^2 within the Enmore-Melrose Goldfield of northeastern New South Wales, Australia. Besra holds a 100% interest in one exploration license covering 158.76km^2 and is earning an 80% interest in two exploration licenses covering 35.28km^2.

14. Tax and Other Receivables

US$ As at	Jun 30, 2013	Jun 30, 2012
Taxes receivable	1,241,484	854,784
Deposits	708,459	657,956
Other receivables	26,012	101,375
Total	**1,975,955**	**1,614,115**

15. Inventories

US$ As at	Jun 30, 2013	Jun 30, 2012
Doré bars and gold bullion	5,596,937	4,991,918
Gold in circuit	1,764,700	1,064,236
Ore in stockpiles	515,066	474,492
Mine operating supplies & spares	4,348,149	4,764,765
Total	**12,224,852**	**11,295,411**

16. Provisions

US$	Asset retirement obligations	Employee entitlements	Other	Total
Balance at January 1, 2012	**1,715,959**	**148,467**	**450,584**	**2,315,010**
Arising during the six months	48,265	223,013	457,325	**728,603**
Write back of unused provisions	—	—	(2,675)	**(2,675)**
Accretion	77,757	—	—	**77,757**
Utilization	(90,010)	(171,611)	(486,064)	**(747,685)**
Balance at June 30, 2012	**1,751,971**	**199,869**	**419,170**	**2,371,010**
Balance at July 1, 2012	1,751,971	199,869	419,170	**2,371,010**
Arising during the year	39,439	416,886	373,704	**830,029**
Write back of unused provisions	—	(23,138)	(18,043)	**(41,181)**
Accrued termination fees	—	559,609	—	**559,609**
Accretion	101,894	—	—	**101,894**
Utilization	(27,838)	(474,854)	(463,752)	**(966,444)**
Balance at June 30, 2013	**1,865,466**	**678,372**	**311,079**	**2,854,917**
Current	460,620	678,372	311,079	**1,450,071**
Non-current	1,404,846	—	—	**1,404,846**
Total	**1,865,466**	**678,372**	**311,079**	**2,854,917**

Asset Retirement Obligations

In accordance with Vietnamese and Malaysian law, land must be restored to its original condition. The Group recognized US$2,210,825 in provisions before discount for this purpose in relation to its operations in Vietnam. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision relates to the costs that will be incurred. The provisions for asset retirement obligations are based on estimated future costs using information available at balance date. The provision has been calculated using a discount rate of 8%. The majority of rehabilitation is expected to occur progressively over the next 5 years. To the extent the actual costs differ from these estimates, adjustments will be recorded and the consolidated statement of comprehensive income may be impacted.

Employee Entitlements

Employee entitlements includes the value of excess leave entitlements allocated over the leave taken by the employees of the Group. These amounts are expected to be utilized as the employees either take their accrued leave or receive equivalent benefits upon ceasing employment. Employee entitlements also include provisions for termination benefits incurred as a result of restructure of company's operations.

Other

Other provisions mainly represent a provision for audit fees that relate to the period but for which the services are generally performed in a future period.

17. Trade and Other Payables

US$ As at	Jun 30, 2013	Jun 30, 2012
Trade payables	10,832,636	5,944,394
Taxes and government fees payable	12,685,228	3,549,771
Accruals and other payables	3,911,426	5,702,078
Total	**27,429,290**	**15,196,243**

18. Interest-Bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see Note 24.

US$ As at	Jun 30, 2013	Jun 30, 2012
NON-CURRENT LIABILITIES		
Convertible notes	9,803,088	24,320,588
Gold-linked notes	16,645,179	—
Total non-current	**26,448,267**	**24,320,588**
CURRENT LIABILITIES		
Current portion of convertible notes	5,353,217	621,092
Current portion of gold-linked notes	206,914	—
Gold loan	—	8,445,728
Secured bank loan	6,775,051	3,028,593
Total current interest bearing loans and borrowings	**6,981,965**	**11,474,321**
Total current	**12,335,182**	**12,095,413**

				Underlying Face Value	
	Currency	Maturity	Interest Rate (%)	Jun 30, 2013	Jun 30, 2012
Gold-linked notes (USD)	USD	May-15	8	16,729,967	—
Gold-linked notes (CAD)	CAD	May-15	8	4,319,856	—
9% CAD Convertible notes	CAD	Mar-14	9	6,356,499	10,676,355
8% CAD Convertible notes	CAD	Apr-15	8	15,000,000	15,000,000
8% USD Convertible notes	USD	May-15	8	1,469,000	14,600,000
Gold Loan	USD	May-13	8	—	9,360,000
Secured bank loans	USD	Jul-13 to Feb-14	8	6,775,051	3,028,593

Gold-Linked Notes

In November 2012, 41%, 40% and 90%, respectively, of the outstanding principal amounts of the 8% senior secured redeemable gold delivery promissory notes due May 31, 2013 (the "Gold Loan" notes), 9% CAD subordinated unsecured convertible redeemable promissory notes due March 26, 2014 and 8% USD unsecured convertible redeemable notes due May 6, 2015 were amended into 8% unsecured Gold-Linked notes due May 6, 2015.

Capital restructure expenses amounted to US$4,051,065 and consisted of US$1,754,290 of the increase in face value of the amended gold loan from US$3,827,541 to US$5,581,831, US$2,095,100 of the deferred fees on old debt were expensed upon adoption of extinguishment accounting and US$201,678 of consultant fees.

Gold-Linked Notes - Amended Gold Loans

Under the amended Gold-Linked notes, the original Gold Loan was increased by US$1,754,290 to reflect the value accrued under the Gold Loan at the rate of US$1,750 per ounce of gold to be delivered up to maturity. Also removed was the obligation of the Company to make any gold deposits. The maturity date was amended to May 6, 2015. The Gold Price Participation option ("2012 GPPA") entitles the note holders to share in 70% of the increase in the gold price beyond US$1,750 per ounce from the effective date of the amendments to the maturity date, via an increase in the redemption price paid on the maturity date of the notes based on the prevailing gold price at the maturity date (gold price to be calculated on 20 day average price May 6, 2015). Maturity Gold Price under the amended terms is the average of the gold price per ounce at the London P.M. fixing price for the twenty trading days immediately preceding May 1, 2015 subject to a minimum price of US$1,850.

The amendment of terms created a debt extinguishment for accounting purposes. Consequently, a portion of the loan was derecognized and a new loan recognized at fair value, creating a loss on extinguishment of debt in the amount of US$83,547. The fair value of US $4,595,822 was estimated using discounted future cash flows and the residual was allocated to the derivative value of the gold price participation and put options in the amount of US$986,000.

The amended gold linked note provided note holders that had previously held Gold Loan Notes with a right to redeem their notes on May 31, 2013, in accordance with the terms of the Original Gold Loan Note. In May 2013 holders of 38% of the principal amount of the Gold Loan notes that were amended into Gold-Linked Notes in November 2012 chose to exercise their option. Together with Gold Loan note holders who did not amend their notes, this resulted in the Company delivering 1,133 ounces of gold in satisfaction of the remaining principal due under the Gold Loan. The original Gold Loan was fully settled in May 2013. The carrying value of the loan at June 30, 2013 was US $3,261,757.

Gold-Linked Notes - Amended 9% CAD Convertible Notes

The amended notes are not convertible into or exchangeable for any other securities of the Company, pay interest at the rate of 8% per annum, mature on May 6, 2015, and entitle the holders to share in 70% of the increase in the gold price beyond US$1,750 per ounce from the effective date of the amendments to the maturity date via an increase in the redemption price paid on the maturity date of the notes based on the prevailing gold price at the maturity date (gold price to be calculated on 20 day average price May 6, 2015).

The amendment of terms created a debt extinguishment for accounting purposes. Consequently, the portion of the loan was derecognized and a new loan recognized at fair value, creating a loss on extinguishment of debt in the amount of US$867,735. The fair value of CAD $3,832,436 was estimated using discounted future cash flows and the residual was allocated to the derivative value of the gold price participation and put options in the amount of CAD$379,000 and to the vesting & vested warrants in the amount of CAD$108,420. The carrying value of the loan at June 30, 2013 was US$3,876,096.

Gold-linked Notes - Amended 8% USD Convertible Notes

The amended notes are not convertible into or exchangeable for any other securities of the Company, pay interest at the rate of 8% per annum, mature on May 6, 2015, and entitle the holders to share in 70% of the increase in the gold price beyond US$1,750 per ounce from the effective date of the amendments to the maturity date via an increase in the redemption price paid on the maturity date of the notes based on the prevailing gold price at the maturity date (gold price to be calculated on 20 day average price May 6, 2015).

The amendment was not considered to be a substantial modification of the terms of an amended portion of 8% USD convertible note liability because the amended loan was not substantially different from the terms of the original loan. The modification was not accounted for as an extinguishment therefore. Costs or fees related to the original notes adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability. The fair value of US$8,796,290 was estimated using discounted future cash flows and the residual was allocated to the original and new issue costs, original warrants and derivative value of gold price participation and put options in the amounts of US$1,346,720, US$1,837,989 and US$1,150,000, respectively. The carrying value of the loan at June 30, 2013 was US$9,714,240.

Gold Loan Notes

On June 21, 2010 the Company announced that it had consummated a private placement consisting of (i) a senior secured redeemable gold delivery promissory note (“Gold Loan”) and (ii) common stock purchase warrants. The Gold Loan has an original face value of US $21,960,000, the difference to the original face value being payments of principal of US$12,600,000. It was issued in US$10,000 units, bears interest at 8 percent per annum and is payable semi-annually in arrears, maturing May 31, 2013.

The common stock purchase warrants offered with the Gold Loan are exercisable for a number of shares of common stock in the Company equal to 20 percent of the stated or deemed principal amount of the issued notes divided by CAD $0.60. Each warrant entitles the holder to purchase 3,470 shares of common stock. The warrants are fully vested, are exercisable in whole or in part at CAD $0.60 per share, and have been accounted for as derivative liabilities. As part of this offering, the Company issued broker warrants which were valued at US $252,000 and have been recorded as part of the transaction cost. These warrants expired unexercised in May 2013.

Gold delivered as repayment of the loan is accounted for as a disposal of a current asset, for which a gain or loss is recorded as (loss) gain on gold loan principal repayment in the consolidated statement of income (loss) and comprehensive income (loss). The gain or loss represents the difference between the value of the gold loan notes settled by way of gold and the cost of production of inventory used to settle that portion of the loan.

In May 2013 the Company delivered in total 3,438 ounces of gold to redeem fully its outstanding Gold Loan notes under its Gold Loan notes settling a face value of US$4,125,900.

Convertible Notes

At June 30, 2013

Convertible Notes	Conversion Rate per Unit	Total Shares on Conversion
9% CAD Notes	0.42	15,134,521
8% CAD Notes	0.50	30,000,000
8% USD Notes	0.51	2,880,392

The Convertible Note agreements require the Company to meet certain covenants, all of which had been met as at June 30, 2013, including the affirmative and negative covenants, anti-dilution provision and other provisions that are customary for transactions of this nature.

9% CAD Notes

The 9% CAD notes have two separate common stock warrants. A vested warrant that is fully vested and immediately exercisable at an exercise price of CAD$0.50, each and a vesting warrant that is exercisable, subject to vesting upon early redemption of the Convertible Notes, for two common shares at an exercise price of CAD$0.42 per warrant share.

8% CAD Notes

The notes also have two separate common stock warrants. A vested warrant that is fully vested and immediately exercisable at an exercise price of CAD$0.55, each and a vesting warrant that is exercisable, subject to vesting upon early redemption of the Convertible Notes, for two common shares at an exercise price of CAD$0.50 per warrant share. None of the 8% CAD Notes were restructured on November 21, 2012.

8% USD Notes

The notes also have two separate common stock warrants. A vested warrant that is fully vested and immediately exercisable at an exercise price of CAD$0.55, each and a vesting warrant that is exercisable, subject to vesting upon early redemption of the Convertible Notes, for two common shares at an exercise price of CAD$0.50 per warrant share.

Secured Bank Loans

In December 2012, Phuoc Son Gold Company Limited entered into a new loan agreement with a Vietnamese bank. The loan term is twelve months from the date of principal drawdown to the date of repayment for each drawdown. The interest rate for drawdowns to June 30, 2013 is 8% per annum. The bank loan is secured over all assets of the borrower (Phuoc Son Gold Company Ltd) which was US$49,704,363 as at June 30, 2013. The loan was fully drawn down and the carrying amount of the loan was $5,000,000 as at June 30, 2013.

In May 2012, Phuoc Son Gold Company Limited entered into a loan agreement with another Vietnamese bank for a maximum borrowing of US$5,000,000, to be drawn down as required. The loan term was six months from the date of principal drawdown to the date of repayment for each drawdown. The interest rate was specified at the time of drawdown. The interest rate for drawdowns to June 30, 2012 was 5.5% originally and reduced to 4.5% per annum from June 26, 2012. This loan has been fully repaid on June 20, 2013.

On June 21, 2013, Phuoc Son Gold Company Limited entered into a new loan agreement with that Vietnamese bank for a maximum borrowing of US$2,000,000. The new loan term is six months from the date of principal drawdown to the date of repayment for each drawdown. The drawdown could be exercised as required until June 30, 2014. The interest rate currently is 4.5% per annum and may be adjusted upon the notification of the bank. The carrying amount of the loan was US$1,775,052 as at June 30, 2013. The bank loan is secured over plant and equipment with a net carrying value of US$8,820,979 (Note 10).

19. Derivative Financial Liabilities

US$ As at	Jun 30, 2013	Jun 30, 2012
Gold loan - gold price movement derivative	—	3,280,000
Gold loan vested broker warrants - conversion option	—	52,034
Convertible notes - conversion option	154,850	3,322,698
Convertible notes vested warrants - conversion option	57,000	2,688,875
Gold-linked notes - gold price participation option	671,000	—
Total	**882,850**	**9,343,607**
Current portion	—	3,280,000
Non-current portion	882,850	6,063,607
Total	**882,850**	**9,343,607**

Gold Loan - Gold Price Movement Derivative

The Gold Loan was issued in US$10,000 units, bears interest at 8% per annum and is payable semi-annually in arrears. The Gold Loan initially obligates the Company to deliver (subject to adjustment) an aggregate of approximately 24,400 ounces of gold (at US$900 per ounce). The Gold Loan was fully settled on May 31, 2013.

Gold-Linked Notes (Amended Gold Loan)

The Amended Gold Loan was issued in 898 units, bears interest at 8% per annum and is payable semi-annually in arrears. The Amended Gold Loan matures on May 6, 2015. Holders of the Amended Gold Loan are entitled to participate in any increase in the gold price via an increase in the redemption price paid on the maturity date based on the prevailing gold price at the maturity date (Gold Price Participation Agreement related to amended notes or "2012 GPPA").

The 2012 GPPA and put option features of the Amended Gold Loan are re-valued at each reporting date using the Binominal Lattice option pricing model. The 2012 GPPA and put option components of the Amended Gold Loan, a derivative liability of the Company, has a value of US$116,000 and US$0 at June 30, 2013 (both US$0 as at June 30, 2012). The call option component of the Amended Gold Loan, a derivative asset of the Company, has a value of US$0 at June 30, 2013 (both US$0 as at June 30, 2012).

Inputs used when valuing the 2012 GPPA, put and call option components of the Amended Gold Loan are:

	Jun 30, 2013
Gold price per ounce (US$)	1,204
Exercise price (put options) per ounce (US$)	1,750
Term to maturity (years)	1.85
Expected gold volatility (%)	20
Annual risky rate (%)	23
Risk free rate (gold rate) (%)	1.7

Gold-Linked Notes (Amended Convertible Notes)

Holders of the Amended Convertible Notes are entitled to participate in any increase in the gold price via an increase in the redemption price paid on the maturity date based on the prevailing gold price at the maturity date, May 6, 2015.

The 2012 GPPA option features of the amended convertible USD notes are re-valued at each reporting date using the Binominal Lattice option pricing model. The 2012 GPPA and call option components of the amended convertible notes, a derivative liability of the Company, has a value of US$423,000 and US$0, respectively, at June 30, 2013 (both US$0 as at June 30, 2012).

The 2012 GPPA option features of the amended convertible CAD notes are re-valued at each reporting date using the Binominal Lattice option pricing model. The 2012 GPPA and call option components of the amended convertible notes, a derivative liability of the Company, has a value of US$132,000 and US$0, respectively, at June 30, 2013 (both US$0 as at June 30, 2012).

Inputs used when valuing the 2012 GPPA and call option components of the Amended Convertible Notes are:

	Jun 30, 2013
Gold price per ounce (US$)	1,204
Exercise price (put options) per ounce (US$)	1,750
Term to maturity (years)	1.85
Expected gold volatility (%)	20
Annual risky rate (%)	23
Risk free rate (gold rate) (%)	1.7

Convertible Notes

Some of the convertible notes outstanding are denominated in Canadian dollars while others are denominated in US dollars and the associated warrants are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the stock underlying the warrants and conversion feature of the convertible notes denominated in Canadian dollars is not denominated in the Company's functional currency, the contractual obligations arising from the warrants and conversion feature meet the definition of derivatives under IFRS. They are re-valued at each reporting date using the Black-Scholes model for the warrants and a binomial option pricing model for the conversion option, with any change in valuation being recognized in the consolidated statement of comprehensive income.

20. Issued Capital and Reserves

Common Shares

The Company is authorized to issue an unlimited number of common shares with one vote per share and no par value per share.

The movement in the capital stock of the Company for the year ended June 30, 2013 and the six months ended June 30, 2012 were as follows:

Common Shares	Number of Shares	Amount (US$)
Balance at December 31, 2011	**380,593,907**	**135,846,955**
Exercise of options	817,458	197,856
Common shares bought back or cancelled(1)	(2,630,179)	(910,114)
Balance at June 30, 2012	**378,781,186**	**135,134,697**
Exercise of options	170,088	47,595
Balance at June 30, 2013	**378,951,274**	**135,182,292**

(1) In 2012 the Company bought back 2,630,179 shares on market at an average price of US$0.35 per share and cancelled them.

Stock Options

Under the Company's stock option plan, options to purchase shares of the Company may be granted to directors, officers, employees and consultants of the Company. The maximum number of shares that may be issued under the new plan is 12% (on a non-diluted basis) of the Company's issued and outstanding shares. Options granted under the plan have a maximum term of five years and vesting dates are determined by the Board of Directors on an individual basis at the time of granting.

The following table provides a summary of the stock option activity for the year ended June 30, 2013 and the six months ended June 30, 2012.

	2013		2012	
	Number of Options	Weighted Average Exercise Price CAD	Number of Options	Weighted Average Exercise Price CAD
Outstanding, beginning of the period	**37,882,756**	**0.47**	**35,278,977**	**0.54**
Granted	12,442,500	0.24	14,737,960	0.42
Exercised	(170,088)	0.12	(1,092,960)	0.12
cancelled/expired	(5,727,671)	0.52	(11,041,221)	0.66
Outstanding, end of the period	**44,427,497**	**0.40**	**37,882,756**	**0.47**
Options exercisable at the end of the period	**31,891,664**	**0.47**	**24,433,130**	**0.50**

The following table summarizes information about the stock options outstanding as at June 30, 2013.

	Options Outstanding			Options Exercisable	
Range of exercise price CAD	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price CAD	Number exercisable	Weighted average exercise price CAD
0.12	127,566	0.51	0.12	127,566	0.12
0.20 - 0.29	14,297,500	4.24	0.24	1,875,000	0.26
0.30 - 0.39	4,470,000	3.76	0.33	4,470,000	0.33
0.40 - 0.49	10,717,184	2.13	0.41	10,697,184	0.41
0.50 - 0.59	9,285,558	3.38	0.52	9,275,558	0.52
0.60 - 0.69	2,350,000	2.22	0.60	2,350,000	0.60
0.70 - 0.79	2,763,022	2.63	0.72	2,763,022	0.72
0.80 - 0.89	416,667	0.25	0.80	416,667	0.80
	44,427,497		**0.40**	**31,974,997**	**0.47**

During the year ended June 30, 2013, 12,442,500 options were issued to directors, officers, employees and consultants of the Company (six months ended June 30, 2012 - 14,737,960 options). Options granted during the above periods have various exercise prices of between CAD$0.24 and CAD$0.40. The exercise price of these and most of the other outstanding options was determined based on the volume weighted average price, being the listing of the stock activities for five business days from the grant date. All of the options issued during the year ended June 30, 2013 vest twelve months after the grant date.

Warrants

The movement in the number of warrants of the Company during the year ended June 30, 2013 and the six months ended June 30, 2012 was as follows:

	2013		2012	
	Number of Warrants	Weighted Average Exercise Price CAD	Number of Warrants	Weighted Average Exercise Price CAD
Outstanding, beginning of the period	**39,508,908**	**0.86**	**39,508,908**	**0.86**
Expired - Gold loan warrants	(2,196)	2,082	—	—
Expired - Agents warrants	(2,668,750)	0.60	—	—
Outstanding, end of the period	**36,837,962**	**0.75**	**39,508,908**	**0.86**

Reserves

The changes in reserves for the year ended June 30, 2013 and the six months ended June 30, 2012 were as follows:

US$	Broker warrants	Foreign currency	Equity based compensation reserve	Investment premium reserve	Other reserves	Total
Balance at December 31, 2011	**1,418,045**	**(2,513,078)**	**11,763,211**	**(15,034,091)**	**(93,627)**	**(4,459,540)**
Options granted and vested	—	—	1,462,067	—	—	**1,462,067**
Options exercised	—	—	(173,808)	—	—	**(173,808)**
Investment in subsidiary	—	—	—	(2,467,609)	—	**(2,467,609)**
Balance at June 30, 2012	**1,418,045**	**(2,513,078)**	**13,051,470**	**(17,501,700)**	**(93,627)**	**(5,638,890)**
Options granted and vested	—	—	2,012,549	—	—	**2,012,549**
Options exercised	—	—	(27,670)	—	—	**(27,670)**
Investment in subsidiary	—	—	—	(2,138,073)	—	**(2,138,073)**
Balance at June 30, 2013	**1,418,045**	**(2,513,078)**	**15,036,349**	**(19,639,773)**	**(93,627)**	**(5,792,084)**

Broker Warrants

This reserve represents broker warrants associated with the 9% CAD Convertible Note that was issued in March 2010, the 8% CAD Convertible Note that was issued in April 2011 and the 8% USD Convertible Note that was issued in May 2011.

Foreign Currency Translation

This reserve originated on January 1, 2009 when the Company changed from reporting in CAD to USD and represents accumulated translation differences on the consolidated statement of financial position translation.

Equity Based Compensation Reserve

This reserve records the movements in equity based compensation.

Investment Premium Reserve

This reserve represents the premium paid on acquisition of a greater equity interest in North Borneo Gold Sdn Bhd.

Other Reserves

This reserve originated in 2009 and represents the tax recovery on expiry of warrants.

21. Employee Entitlements

Share-Based Compensation

Equity settled share-based payments are valued at grant date using a Black Scholes model.

Under the Company's stock option plan, options to purchase shares of the Company may be granted to directors, officers, employees and consultants of the Company. The maximum number of shares that may be issued under the plan is 12% (on a non-diluted basis) of the Company's issued and outstanding shares. Options granted under the plan have a maximum term of five years and vesting dates are determined by the Board of Directors on an individual basis at the time of granting.

The total share-based compensation expense recognized for stock options during the year ended June 30, 2013 is US$2,012,549 (six months ended June 30, 2012 - US$1,462,071, and year ended December 31, 2011 US$1,277,892), of which 4,562,500 options were issued as an inducement to the new key management hired at the beginning of the financial year.

During the year ended June 30, 2013 12,442,500 options (six months ended June 30, 2012 - 14,737,960 options) were issued to directors, officers, employees and consultants of the Company and were valued for accounting purposes at US$995,454 (six months ended June 30, 2012 - $2,465,107). Options granted during the above periods have various exercise prices of between CAD$0.24 and CAD$0.40. The exercise price of these and most of the other outstanding options was determined based on the volume weighted average price, being the listing of the stock activities for five business days from the grant date. All of the options issued since the beginning of the financial year vest twelve months after the grant date.

22. Related Party Disclosure

The consolidated financial statements include the financial statements of Besra Gold Inc. and the subsidiaries listed in the following table:

Name	Country of Incorporation	% equity held as at Jun 30, 2013	Jun 30, 2012
Formwell Holdings Ltd	British Virgin Islands	100	100
Bong Mieu Holdings Ltd	Thailand	100	100
Bong Mieu Gold Mining Company Limited	Vietnam	80	80
New Vietnam Mining Corporation	British Virgin Islands	100	100
Phuoc Son Gold Company Limited	Vietnam	85	85
Kadabra Mining Corp.	Philippines	100	100
Besra Vietnam Ltd (formerly Olympus Pacific Minerals Vietnam Ltd)	Vietnam	100	100
Besra NZ Limited (formerly OYMNZ Ltd)	New Zealand	100	100
Besra Labuan Ltd (formerly Olympus Pacific Minerals Labuan Ltd)	Malaysia	100	100
Parnell Cracroft Ltd	British Virgin Islands	100	100
GR Enmore Pty Ltd	Australia	100	100
Binh Dinh NZ Gold Company Ltd	Vietnam	75	75
North Borneo Gold Sdn Bhd	Malaysia	85.61	83.25
Bau Mining Co Ltd	Samoa	91	91
KS Mining Ltd	Samoa	100	100

Compensation of the key management of the Group was as follows:

(US$)	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Management fees and salary	2,870,248	715,046	3,023,077
Termination benefits	559,609	—	—
Share based compensation	1,466,013	957,243	924,409
Total compensation of key management	**4,895,870**	**1,672,289**	**3,947,486**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to the key management personnel.

Directors' Interest in the Stock Option Plan

Stock options held by members of the Board of Directors under the stock option plan to purchase ordinary shares have the following expiry dates and exercises prices:

Issue Date	Expiry Date	Exercise Price CAD$	Number of Options Outstanding Jun 30, 2013	Jun 30, 2012
Jun-08	Jan-13	0.40	—	1,809,000
Jan-10	Dec-14	0.40	2,073,618	2,073,618
Jun-10	Apr-15	0.42	1,500,000	2,250,000
Jun-10	Apr-15	0.60	1,500,000	2,250,000
Jan-11	Dec-15	0.72	1,068,378	1,068,378
Sept-11	Sept-16	0.53	751,599	751,599
Jan-12	Jan-17	0.42	1,250,000	1,250,000
Feb-12	Feb-17	0.52	3,472,872	3,472,872
Mar-12	Mar-17	0.33	3,015,000	3,015,000
May-12	May-17	0.32	150,000	150,000
Mar-13	Mar-18	0.24	2,425,000	—
Total			**17,206,467**	**18,090,467**

Directors' Interest in the Deferred Share Units Plan

Deferred share units are held by non-executive members of the Board of Directors. Under this plan, fees are paid as deferred share units ("DSUs") whose value is based on the market value of the common shares.

		Value of Units Outstanding (US$)	
Award year	Units	Jun 30, 2013	Jun 30, 2012
2008	116,667	5,542	28,452
2009	120,690	5,733	29,433
Total of deferred share units outstanding	**237,357**	**11,275**	**57,885**

In second quarter 2008, the Company set up a deferred share unit plan for the non-executive members of the Board. Under this plan, fees are paid as DSUs whose value is based on the market value of the common shares. Under the terms of the plan, the DSU plan will be an unfunded and unsecured plan. The deferred share units are paid out in cash upon retirement/resignation. Compensation expense for this plan is recorded in the year the payment is earned and changes in the amount of the deferred share unit payments as a result of share price movements are recorded in directors fees in the period of the change. Total DSUs outstanding as at June 30, 2013 were 237,357 units. No DSUs were granted during the year ended June 30, 2013. Liabilities related to this plan are recorded in accrued liabilities and totaled US$11,275 as at June 30, 2013 (as at June 30, 2012 - US$57,885).

Companies Controlled by Management

Management compensation incurred on behalf of the Company were paid to companies controlled by officers of the Company. The companies that were paid for management compensation include the following:

Company name	Name	Position
Orangue Holdings Limited	David Seton	Executive Chairman
Dason Investments Limited	David Seton	Executive Chairman
Bolt Solutions Corporation	Darin Lee	Chief Operating Officer
The Jura Trust Limited	John Seton	Chief Executive Officer
Abergeldie Trust	John Seton	Chief Executive Officer
Whakapai Consulting Ltd	Jane Bell	Chief Financial Officer
Starsail Capital Limited	Charles Barclay	Chief Technical Officer (formerly)
Lloyd Beaumont No. 2 Trust	Paul Seton	Chief Commercial Officer

23. Commitments, Contingencies and Contractual Obligations

Contractual Commitments

Balance at June 30, 2013

Payment Due (US$)	Total	Less than one year	Year 2	Year 3	Year 4	Year 5 and thereafter
Operating leases	**424,713**	247,173	135,471	42,069	—	—
Purchase obligations - supplies & services	**7,223,488**	7,223,488	—	—	—	—
Purchase obligations - capital	**1,961,181**	1,961,181	—	—	—	—
Acquisition of interest in North Borneo Gold Sdn Bhd	**8,400,000**	3,400,000	4,000,000	1,000,000	—	—
Asset retirement obligations	**1,865,691**	460,845	769,174	114,249	391,878	129,545
Total	**19,875,073**	**13,292,687**	**4,904,645**	**1,156,318**	**391,878**	**129,545**

In 2010 the Company entered into an agreement, as amended on May 20, 2011 and January 20, 2012 and amended and restated on May 12, 2013, to acquire up to a 93.55% interest in North Borneo Gold Sdn Bhd (NBG) by September 2015, subject to payments to be made in several tranches:

Amount (US$)	Purchase Date	Total per Year (US$)	Effective Holdings (%)
600,000	June 14, 2013		85.61
800,000	September 2, 2013		86.36
800,000	December 2, 2013	**2,200,000**	87.10
900,000	March 3, 2014		87.95
900,000	June 2, 2014		88.80
1,000,000	September 1, 2014		89.75
1,000,000	December 1, 2014	**3,800,000**	90.70
1,000,000	March 2, 2015		91.65
1,000,000	June 1, 2015		92.60
1,000,000	September 1, 2015	**3,000,000**	93.55

In the normal course of business, the Group is subject to various legal claims. Provisions are recorded where claims are likely and estimable.

Contingencies

Capcapo Gold Property

The Company entered a formal joint venture agreement on September 30, 2011 with Abra Mining & Industrial Corporation ("AMIC"), Jabel Corporation ("Jabel"), Kadabra Mining Corporation (a wholly-owned subsidiary of the Company) ("KMC") and PhilEarth Mining Corporation ("PhilEarth") (a Philippine company in the process of incorporation in which the Company will hold a 40% interest) in respect of the Capcapo Gold Property in the Northern Philippines.

Pursuant to the terms of the joint venture agreement, the Company, in consortium with PhilEarth, has an option to acquire up to a 60% interest in the Capcapo Gold Project, Northern Philippines, subject to compliance with Philippine foreign ownership laws. The Company paid to AMIC US$300,000 upon the signing of the joint venture agreement, is required to pay a further US$400,000 upon gaining unencumbered access to the property and may fully exercise its option over three stages of expenditure as follows:

Stage	Expected Expenditures	Payment Due Upon Completion of The Stage
Stage 1	1,000,000	400,000
Stage 2	2,000,000	400,000
Stage 3	4,000,000	n/a

In addition, Jabel will be paid a royalty based on the calculation that yields the highest payment; either 3% of the gross value of production from the Capcapo Gold Project or 6% of the annual profit of the joint venture corporation.

Finally, the Company is also obligated to make milestone payments each time a specified milestone is achieved in respect of the property. The specified milestone occurs at the earlier of defining a cumulative mineral reserve of 2,000,000 ounces of gold and gold equivalents for the property, or upon achievement of a consistent production rate of 2,000 tonnes per day. Accordingly, achieving one milestone does not trigger the obligation to make a subsequent milestone payment if the alternative milestone has been achieved. The milestone payment to AMIC consists of a US$2,000,000 payment and the issuance of 2,000,000 common shares of the Company or common shares having a market value of US$5,000,000, whichever is of lesser value.

Tax Disputes

The Company is currently disputing tax claims by the Vietnam General Department of Customs ("GDC") against Phuoc Son Gold Company ("PSGC") and Bong Mieu Gold Mining Company ("BMGMC"), Besra's two operating gold companies in Vietnam. The GDC has made an assessment that PSGC and BMGMC should pay a total of approximately 250 billion Vietnamese dong (approximately US$12,000,000) in export duties.

In Vietnam, gold exported at 99.99% purity standard does not attract any export duty. GDC is claiming that during 2011 and 2012, several shipments did not meet 99.99% and therefore subject to a 10% tax. Besra strongly disputes this assessment as every shipment in question was refined in Vietnam to 99.99% by ACB Gold Center and subsequently certified 99.99% by Quality Assurance and Testing Center 3 (QuaTest3), the official government-testing center.

PSGC and BMGMC each filed official complaints under the Vietnamese Law on Complaints on May 16, 2013. These complaints were dismissed by GDC. On August 13, 2013, PSGC and BMGMC filed further complaints with the Ministry of Finance. The law provides for companies to dispute assessments made by government bodies in Vietnam in the first instance in an appeal heard by GDC, followed by an appeal to the Ministry of Finance. If unsuccessful in their complaints to the Ministry of Finance, PSGC and BMGMC intend to bring a petition before an administrative court of law to have the tax assessments overturned. The Company intends on exhausting all rights of appeal and is of the view that the claims brought by the GDC are without merit. No provision has been recognized in the consolidated financial statements as at June 30, 2013 with this regard. There can be no assurance that the Company will be able to successfully resolve the matter discussed above. The inability to successfully resolve the matter could have a material adverse impact on the Company's future cash flows, earnings, results of financial performance and financial conditions.

24. Financial Instruments and Risk Management

Financial Assets and Liabilities

The Company's financial instruments by category as at June 30, 2013 and as at June 30, 2012 were as follows:

US$ As at	Jun 30, 2013	Jun 30, 2012
Derivative instruments designated as fair value through profit or loss ("FVTPL") (1)	882,850	9,343,607
Loans and receivable at amortized cost (2)	6,038,000	5,011,843
Other financial liabilities at amortized cost (3)	(66,212,739)	(51,612,244)
Total	**(59,291,889)**	**(37,256,794)**

(1) Includes the Company's fair value of conversion option, gold price participation option and gold price movement derivative related to its convertible notes, gold-linked notes and gold loan (see Note 19).
(2) Loans and receivables at amortized cost includes cash and cash equivalents and receivables.
(3) Other financial liabilities at amortized cost includes accounts payable, accrued liabilities, convertible debt and loans and borrowings.

At June 30, 2013 and June 30, 2012, the carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

Risk Management

The Company's activities expose it to a variety of financial risks:

- liquidity risk;
- commodity price risk;
- foreign exchange risk;
- credit risk; and
- interest rate risk.

These risks arise from exposures that occur in the normal course of business and are managed by the Officers of the Company. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors.

Liquidity Risk

Liquidity risk arises through excess financial obligations over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time.

The Company seeks to achieve this by maintaining sufficient cash and cash equivalents. As at June 30, 2013, the Company was holding cash and cash equivalents of US$4,062,045 (June 30, 2012 - US$3,397,728).

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and including estimated interest:

As at June 30, 2013

		Contractual cash flows		
US$	Carrying amount	Total	Less than 1 year	1-2 years
Convertible notes	15,156,305	**24,616,111**	7,747,585	16,868,526
Gold-linked notes	16,852,093	**24,424,826**	1,886,437	22,538,389
Secured bank loans	6,775,051	**7,014,990**	7,014,990	—
Trade and other payables	27,429,290	**27,429,290**	27,429,290	—
Financial derivatives	882,850	**882,850**	—	882,850
Total	**67,095,589**	**84,368,067**	**44,078,302**	**40,289,765**

As at June 30, 2012

		Contractual cash flows			
US$	Carrying amount	Total	Less than 1 year	1-2 years	2-3 years
Convertible notes	24,941,680	**48,566,017**	3,291,552	13,885,992	31,388,473
Gold loan notes	8,445,728	**9,926,800**	9,926,800	—	—
Secured bank loans	3,028,593	**3,096,736**	3,096,736	—	—
Trade and other payables	15,196,243	**15,196,243**	15,196,243	—	—
Financial derivatives	9,343,607	**9,343,607**	3,280,000	1,576,538	4,487,069
Total	**60,955,851**	**86,129,403**	**34,791,331**	**15,462,530**	**35,875,542**

A table of commitments and contractual obligations of the Group is presented in Note 23.

Commodity Price Risk

The profitability of the operating subsidiaries of the Company is related to the market price of gold and silver. The Company's market risk exposure, for metal prices and exchange rates, with respect to its accounts receivable is minimal as payment is typically received within two weeks of shipment.

During year ended June 30, 2013 the Company sold gold at the weighted average price of US$1,586 (the six months ended June 30, 2012 - US$1,668 per ounce and the year ended December 31, 2011 - US$1,640). A change of US$100 in the gold price per ounce would have changed the Group's net income by approximately US$5,219,500 in the year ended June 30, 2013 (six months ended June 30, 2012 - US$2,071,100, the year ended December 31, 2011 - US$2,924,900).

Foreign Exchange Risk

The Group operates in Canada, Vietnam, Malaysia, Australia, New Zealand and the Philippines. The functional and reporting currency of the parent company is the US dollar. The functional currency of significant subsidiaries is also US dollars. The subsidiaries transact in a variety of currencies but primarily in the US dollar, Canadian dollar, Vietnamese dong and Malaysian ringgit.

The most significant transaction exposure arises in the parent Company in Canada. The statement of financial position of the parent Company includes US and Canadian dollar cash and cash equivalents, gold-linked notes and convertible notes in Canadian dollars. The parent Company is required to revalue the US dollar equivalent of the Canadian dollar cash and cash equivalents and liability at each period end. Foreign exchange gains and losses from these revaluations are recorded in the consolidated statement of comprehensive income.

At present, the Company does not hedge foreign currency transaction or translation exposures.

The currency sensitivity analysis is based on the following assumptions:

- differences resulting from the translation of financial statements of subsidiaries or joint ventures into the Group's presentation currency, US$, are not taken into consideration; and
- the major currency exposures for the Group relate to the US$ and local currencies of subsidiaries and joint ventures. Foreign currency exposures between two currencies where one is not the US$ are deemed insignificant to the Group and have therefore been excluded from the sensitivity analysis.

In accordance with IFRS 7, the impact of foreign currencies has been determined based on the balances of financial assets and liabilities at June 30, 2013. This sensitivity does not represent the income statement impact that would be expected from a movement in foreign currency exchange rates over the course of a period of time.

If the US$ had gained/(lost) 5% against all currencies significant to the Group, the impact would have been:

Local currency to the US$	Closing exchange rate June 30, 2013	Effect on net earnings of a 5% change Year ended June 30, 2013	Effect on equity of a 5% change Year ended June 30, 2013
US$: VND	21,035	(786,099)	(786,099)
US$: CAD	1.0526	(921,445)	(921,445)
Total		**(1,707,544)**	**(1,707,544)**

Local currency to the US$	Closing exchange rate June 30, 2012	Effect on net earnings of a 5% change Six-month period ended June 30, 2012	Effect on equity of a 5% change Six-month period ended June 30, 2012
US$: VND	20,829	(330,198)	(330,198)
US$: CAD	1.0251	(1,036,680)	(1,036,680)
Total		(1,366,878)	(1,366,878)

Credit Risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Company minimizes its exposure by holding cash and cash equivalents with two major financial institutions in Canada.

Credit risk exposure is mitigated because the Company can sell the gold it produces on many different markets and payment is typically received within two weeks of shipment. The Company's receivables are all current.

Interest Rate Risk

As at June 30, 2013, the Company holds gold-linked notes and convertible note liabilities which attract interest at fixed rates of 8% and 9% (refer to Note 18). There is no risk of the interest rate increasing for these gold-linked and convertible notes as the rates are fixed.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The derivative financial instruments are not traded in active markets. All derivatives entered into by the Group are included in Level 2 of the fair value hierarchy whereby the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. as derived from prices). The fair value of conversion option, gold price participation option and gold price movement derivative were valued using appropriate valuation models based on observable market data inputs (Level 2).

There have been no transfers between fair value levels during the reporting period.

Capital Management

The objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it has the ability to provide returns for shareholders in the future and support its long-term growth strategy.

The Company's capital structure reflects the requirements of a company focused on significant growth in a capital intensive industry. The Company may face lengthy development lead times, as well as risks associated with raising capital, rising capital costs and timing of project completion because of the availability of resources, permits and other factors beyond control. The operations are also affected by potentially significant volatility of the gold mineral cycles.

The Company continually assesses the adequacy of its capital structure and makes adjustments within the context of its strategy, the mineral resources industry, economic conditions and the risk characteristics of our assets. To adjust or maintain the capital structure, the Company may obtain additional financing or issue new equity instruments.

The Company, at this stage, manages its capital structure by performing the following:

- maintaining a liquidity cushion in order to address the operational and/or industry disruptions or downturns;
- preparing detailed budgets, by project, that are approved by the Board of Directors (the "Board") for development, exploration, acquisition and corporate costs;
- routine internal reporting and Board meetings to review actual versus budgeted spending; and
- detailed project financial analysis to determine new funding requirements.

As at June 30, 2013, the Company had loans and borrowings including convertible notes and secured loans totaling US$38,783,449 (June 30, 2012: US$36,416,001); and a cash balance of US$4,062,045 (June 30, 2012: US$3,397,728).

Total managed capital as at June 30, 2013 was US$124,091,133 (June 30, 2012: US$106,506,069). The Company has no obligation to pay dividends on share capital.

US$	Jun 30, 2013	Jun 30, 2012
Current		
Interest-bearing loans and borrowings	6,981,965	11,474,321
Convertible notes	5,353,217	621,092
Trade and other payables	27,429,290	15,196,243
Derivative financial liabilities	—	3,280,000
Non-Current		
Interest-bearing loans and borrowings	16,645,179	—
Convertible notes	9,803,088	24,320,588
Derivative financial liabilities	882,850	6,063,607
Less		
Cash	4,062,045	3,397,728
Trade and other receivables	1,975,955	1,614,115
Net Debt	61,057,589	55,944,008
Equity	63,033,544	50,562,061
Capital and Net Debt	**124,091,133**	**106,506,069**

25. Income Taxes

The significant components of income tax expense for the year ended June 30, 2013, the six months ended June 30, 2012 and the year ended December 31, 2011 were:

US$,000	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011
Current Tax			
Based on taxable income for the current year	900	564	3,810
Withholding tax on interest	1,385	141	124
Total current taxation charge for the year	**2,285**	**705**	**3,934**
Deferred Tax			
Origination and reversal of temporary differences	(589)	694	213
Total deferred tax charge for the year	**(589)**	**694**	**213**
Total tax expense	**1,696**	**1,399**	**4,147**

A reconciliation between tax expense and the product of accounting profit multiplied by Besra's domestic tax rate for the year ended June 30, 2013, for the six months ended June 30, 2012 and the year ended December 31, 2011 were as follows:

US$,000	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011
Income/(loss) before income tax	**(23,606)**	**(16,928)**	**5,825**
Expected tax charge at the weighted average statutory income tax rate 28%	(8,017)	(2,735)	2,958
Non-deductible/(assessable) items	1,790	756	(384)
Benefit of current year loss not recognized	6,521	3,149	1,459
Withholding taxes	1,385	141	—
Foreign exchange adjustments	—	—	(65)
Deferred tax on foreign exchange related to non-monetary assets	17	88	213
Tax expense at an effective income tax rate	**1,696**	**1,399**	**4,181**

The above reconciling items are disclosed at the tax rates that apply in the country where they have arisen.

The weighted average statutory income tax rate is the average of the standard income tax rates applicable in the countries in which the Group operates, weighted by the profit/(loss) before tax of the subsidiaries in the respective countries as included in the consolidated accounts.

The change in the average statutory income tax rate is mainly due to the variation in the weight of subsidiaries' profits.

Recognition of Deferred Tax Assets

Deferred tax assets for the carry-forward of unused tax losses and unused tax credits are only recognized to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. No deferred tax assets were recognized during the year ended June 30, 2013.

Unrecognized Tax Losses/Unrecognized Deductible Temporary Differences

The Group has unrecognized deferred tax assets in relation to tax losses that are available to carry forward against future taxable income of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in entities for which it is not probable that there will be taxable profits in the future. The tax losses for Canada are US$49,534,000 which will expire between ten to twenty years after the tax incurred. The tax losses for Vietnam are US$13,381,000 which will expire between three to five years after the tax incurred.

The following tax benefits related to deductible temporary differences have not been recognized:

US$,000	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011
Non-capital loss	62,916	66,831	42,021
Net capital losses	2,633	1,681	1,267
Share issuance costs	2,405	1,629	1,936
Derivative liability	441	4,672	6,982
Property, Plant & Equipment	91	—	119
Mineral Properties	12,891	2,430	5,310
Reserves and Other	2,314	—	—
Total	**83,691**	**77,243**	**57,635**

Deferred Tax

The deferred tax assets/(liabilities) included on the face of the consolidated statement of financial position are as follows:

	Deferred tax balance at			Deferred Tax Expense		
US$,000	Jun 30, 2013	Jun 30, 2012	Dec 31, 2011	Year ended Jun 30, 2013	Six months ended Jun 30, 2012	Year ended Dec 31, 2011
Deferred tax assets						
Mineral Properties	—	260	—	260	(260)	254
Property, Plant & Equipment	—	—	121	—	121	(121)
Non Capital Losses	—	15	—	15	(15)	—
	—	**275**	**121**	**275**	**(154)**	**133**
Deferred tax liabilities						
Mineral Properties	(6,717)	(7,503)	(6,695)	(864)	848	334
Property, Plant & Equipment	—	—	—	—	—	(254)
	(6,717)	**(7,503)**	**(6,695)**	**(864)**	**848**	**80**
Net Deferred Tax	**(6,717)**	**(7,228)**	**(6,574)**	**(589)**	**694**	**213**

Deferred tax assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates.

26. Cash and Cash Equivalents

US$ As at	Jun 30, 2013	Jun 30, 2012
Cash at banks and on hand	3,787,538	3,397,728
Short-term deposits	274,507	—
Total	**4,062,045**	**3,397,728**

27. Prior Period Reclassifications

Prior period reclassifications adjustments have been reflected in these financial statements to ensure a consistent accounting approach is taken for all years reported:

For the 6 months ended June 30, 2012 (US$)	Previously reported	Movement	Adjusted
Cost of sales	15,464,162	(635,722)	14,828,440
Environmental fees	—	1,203,057	1,203,057
Corporate and administrative expenses	4,376,195	(632,543)	3,743,652
Other income/(loss)	(65,208)	65,208	—
Total	**19,775,149**	**—**	**19,775,149**

For the year ended December 31, 2011 (US$)	Previously reported	Movement	Adjusted
Cost of sales	20,906,884	2,000,082	22,906,966
Corporate and administrative expenses	10,947,423	(2,027,836)	8,919,587
Other income/(loss)	(27,754)	27,754	—
Total	**31,826,553**	**—**	**31,826,553**

Environmental fees introduced early 2012 have been reclassified from cost of goods sold to a separate line to reflect the current year presentation. Also certain Vietnamese operating costs have been reclassified to cost of goods sold for consistency with the current year presentation.

Board of Directors and Senior Officers

Board of Directors

David A. Seton
Executive Chairman

Kevin M. Tomlinson
Deputy Chairman and
Lead Independent Director

Leslie G. Robinson
Independent Director

N. Jon Morda
Independent Director

Senior Officers

David A. Seton
Executive Chairman

John A.G. Seton
Chief Executive Officer

S. Jane Bell
Chief Financial Officer

Darin M. Lee
Chief Operating Officer

Paul F. Seton
Chief Commercial Officer

Jeffrey D. Klam
General Counsel and
Corporate Secretary

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