BESRA

SECOND QUARTER REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2013

Management's Discussion and Analysis

The following Management's Discussion and Analysis (“MD&A”) of the financial results of Besra Gold Inc. (the “Company” or “Besra”) and its subsidiaries (together, the “Group”) has been prepared for the three and six-month periods ended December 31, 2013 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes, prepared in accordance with IAS 34 Interim Financial Reporting, and the annual financial statements for the financial year ended June 30, 2013. This discussion covers the three and six-month periods ended December 31, 2013 and the subsequent period to February14, 2014.

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.

Introduction

Much like our report from the first quarter of the 2014 financial year, this second quarter report provides a combination of unsatisfactory news from our operations in Vietnam tempered with a strong and positive outlook for our Bau Gold Project following the completion of the Stage 1 Feasibility Study.

As a direct result of the difficulties we've faced in Vietnam, we are reducing our production guidance for FY 2014 from 60-65,000 ozs to 40-45,000 ozs.

The following pages show reductions in all major operational indicators; ore milled, recovery, gold produced, grade and realised price; with corresponding increases in cost of sales, operating cash costs and all-in sustaining costs.

Performance in Vietnam has primarily been affected by the flow-on effects of import and export restrictions in Q1 as well as the several severe weather events in quick succession which caused major disruption at Phuoc Son and complete suspension of operations at Bong Mieu from 16 November 2013 due to our site becoming inaccessible after numerous road washouts. Some relief is being provided through our insurers who have made initial payments on our claim and we expect substantially more to be made in the coming weeks.

Whilst our program of cost reductions and improved efficiency at both operations in Vietnam has been continuing with some excellent results alongside significant corporate expense reductions, the net financial benefit of the program was largely negated by the above mentioned events.

The net result is that the company is tackling some significant liquidity challenges at the present time, and is actively pursuing a range of financing and refinancing options. In the immediate future the company is looking to access debt or equity to pave the way to a return to profitable operations in Vietnam. If the fundraising is not completed during February 2014 it is unlikely that Besra will be able to continue operations.

Additionally, the company has entered into a contract mining agreement for its Bong Mieu operations with local contractor 9999 Industrial Minerals Joint Stock Company, which will commence operations once the roads to site have been reopened during Q3.

In significantly more positive news, the feasibility study for Stage 1 of the Bau Gold Project in East Malaysia was completed at the end of the quarter. The study has since been released and we are in advanced negotiations with a number of potential investors on various options to access the initial capital required to see the project commence operations in late 2015 / early 2016. Pre-feasibility has already commenced on further stages of what appears to be a large long-term multi-mine project.

John A. G. Seton
Chief Executive Officer

Q2 2014 Highlights

The following are a selection of highlights for the quarter ended December 31, 2013. Further information about Besra can be found on the Company's website and/or at www.sedar.com

- Bau feasibility study completion
- Import restrictions in Vietnam lifted
- Both Vietnam projects severely impacted by Typhoon damage in early November
- Bong Mieu operations were suspended on November 16, 2013 as a result of typhoon damage and have not recommenced
- The above resulted in liquidity challenges - Management is considering a range of financing and refinancing options

2014 Outlook

- Commence development of Bau when financing complete
- Management is actively pursuing a range of financing and refinancing options

2014 Production Guidance

	Phuoc Son	**Bong Mieu**	**Total**
Gold (oz)	30,000 - 33,000	10,000 - 12,000	40,000 - 45,000

- Production guidance was revised in Q2 due to lower production at Phuoc Son plant and halt of operations at Bong Mieu due to typhoon damage
- Gold price assumed to remain volatile

Going Concern

During the three and six-month periods ended December 31, 2013, the Group incurred a net loss of $30,744,507 and $38,816,187. As at December 31, 2013 the Group's current liabilities exceeded its current assets by $37,603,273 and contractual commitments amounted to $16,017,179. 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 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.

These Interim 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. A going concern basis was assessed using a cashflow forecast for the next 12 months from the date of these financial statements. Refer to Note 3 of the Interim Financial Statements as at December 31, 2013 for further details.

Summary of Operations

	Three months ended Dec 31, 2013	Three months ended Dec 31, 2012	Diff (%)	Six months ended Dec 31, 2013	Six months ended Dec 31, 2012	Diff (%)
Financial data ($)						
Sales	13,791,902	21,546,213	(36)	34,008,811	40,715,713	(16)
Costs of sales	16,057,911	8,276,825	94	31,614,929	18,228,251	73
Gross margin	**(2,266,009)**	**13,269,388**	**(117)**	**2,393,882**	**22,487,462**	**(89)**
(Losses) earnings before finance costs, income tax, depreciation, amortization and impairment	**(6,163,811)**	**5,995,496**	**(203)**	**(7,068,375)**	**9,018,386**	**(178)**
Non-IFRS Measures						
Costs of sales (IFRS)	16,057,911	8,276,825	94	31,614,929	18,228,251	73
Gold sold (oz)	10,953	12,570	(13)	26,584	24,195	10
Operating cash cost per ounce sold(1)	**1,466**	**658**	**123**	**1,189**	**753**	**58**
Total production costs	**11,184,639**	**12,860,054**	**(13)**	**25,639,464**	**23,209,126**	**10**
Gold produced (oz)	7,550	16,204	(53)	21,975	28,115	(22)
Operating cash costs per ounces produced(2)	**1,481**	**794**	**87**	**1,167**	**826**	**41**
All-in sustaining costs(3)	**2,063**	**1,250**	**65**	**1,688**	**1,325**	**27**
Operating data						
Ore milled (tonnes)	102,797	120,257	(15)	259,384	216,446	20
Recovery (%)	86%	93%	(8)	89%	91%	(2)
Grade (g/t Au)	2.65	4.52	(41)	2.96	4.43	(33)
Average realized price	1,259	1,714	(27)	1,279	1,683	(24)

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. Operating cash 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 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.

PHUOC SON GOLD PROJECT

Results of Operations

	3 months		Diff	3 months	Diff	Six months ended		Diff
	Sep 30, 2013	Dec 31, 2013	(%)	Dec 31, 2012	(%)	Dec 31, 2013	Dec 31, 2012	(%)
Financial Data ($)								
Gold sales	14,692,337	**7,373,514**	(50)	16,115,414	(54)	**22,065,851**	29,449,309	(25)
Cost of sales	11,739,577	**9,763,795**	(17)	5,847,557	67	**21,503,372**	12,761,339	69
Royalties	2,303,617	**1,538,045**	(33)	2,611,695	(41)	**3,841,662**	4,633,843	(17)
Environment fees	990,839	**665,177**	(33)	661,725	1	**1,656,016**	1,169,438	n/a
Depreciation and amortization	3,951,364	**2,707,316**	(31)	3,125,821	(13)	**6,658,680**	6,724,684	(1)
(Losses) earnings from mine operations	**(4,293,060)**	**(7,300,819)**	**70**	**3,868,616**	**(289)**	**(11,593,879)**	**4,160,005**	**(379)**
Operating Data								
Ore milled (tonnes)	97,637	**80,171**	(18)	82,176	(2)	**177,808**	141,514	26
Grade (g/t Au)	3.29	**2.68**	(19)	4.81	(44)	**2.95**	4.67	(37)
Mill recoveries (%)	91	**86**	(5)	95	(9)	**89**	94	(5)
Realized gold price	1,301	**1,301**	—	1,713	(24)	**1,301**	1,687	(23)
Gold produced (oz)	9,394	**5,605**	(40)	12,083	(54)	**14,999**	20,005	(25)
Cash operating cost per ounce produced[1]	**1,061**	**1,506**	**42**	**732**	**106**	**1,227**	**789**	**56**
Ounces sold (oz)	11,297	**5,667**	(50)	9,410	(40)	**16,964**	17,453	(3)
Cash operating cost per ounce sold[2]	**1,039**	**1,723**	**66**	**621**	**177**	**1,268**	**731**	**73**
Total all-in sustaining costs per ounce sold[3]	**1,622**	**2,208**	**36**	**1,236**	**79**	**1,865**	**1,325**	**41**
Cost of sales (IFRS)	**11,739,577**	**9,763,795**	**(17)**	**5,847,557**	**67**	**21,503,372**	**12,761,339**	**69**
Inventory adjustment	(1,773,041)	**(1,321,414)**	n/a	2,995,394	n/a	**(3,094,455)**	3,015,841	n/a
Total costs of ore produced	**9,966,536**	**8,442,381**	**(15)**	**8,842,951**	**(5)**	**18,408,917**	**15,777,180**	**17**
Costs per Tonne of Ore								
Mining	38.08	**38.90**	2	45.17	(14)	**38.42**	47.92	(20)
Processing	40.18	**43.77**	9	37.14	18	**41.80**	38.59	8
Mine Overheads	14.93	**19.08**	28	25.29	(25)	**16.72**	24.98	(33)
Total cost per tonne of ore	**93.19**	**101.75**	**9**	**107.60**	**(5)**	**96.94**	**111.49**	**(13)**

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. Operating cash 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 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.

($) As at	Dec 31, 2013	Jun 30, 2013
Net deferred exploration and development	1,272,562	8,243,659
Property, plant and equipment	4,775,498	15,635,904

	Three months ended		Six months ended	
($)	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Spending on exploration and development activities	700,689	1,151,840	1,163,968	2,187,925
Expenditure on property, plant and equipment	672,157	128,645	1,743,224	287,907

Production and Operating Statistical Results

Phuoc Son Process Plant

During the quarter ended September 30, 2013 the Company was under the import embargo due to the dispute with the Vietnam General Department of Customs (see Commitments, Contingencies and Contractual Obligations section of this MD&A). After the lifting of the imports embargo parts started to flow to Phuoc Son again early on in the quarter. However, the impact of the downtime caused by that embargo rippled into a production shortage which caused cash flow shortage which then dominoed into further production shortages. Development was curtailed to reduce costs which resulted in a declining number of faces with ore above the cutoff grade. This along with the impact that stopping development had on our backfill efforts in the upper portions of Bai Go sharply cut off our ore supply and grade in this quarter. Last, the ore body in Bai Go at level 5 has started to dip at a steeper angle, as was expected, and this along with the vein width necessitates a switch to conventional up-dip slot raising and widening which should improve grades due to lower dilution, however, tonnages will be lower.

Management has assessed indicators of impairment related to the Phuoc Son project and its associated assets and used a discounted cash flow model to calculate the value in use. A preliminary impairment charge in the amount of $15.4m was recognized during the quarter ended December 31, 2013 on assets associated with the Bai Dat and Bai Go projects at Phuoc Son. The assessment of an exact terminal value amount related to Phuoc Son assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charge if material will be recorded.

During the quarter ended December 31, 2013 the plant milled 80,171 tonnes at 2.68 g/t Au, with 86 percent recovery (three months ended December 31, 2012 - 82,176 tonnes at 4.81 g/t Au, with 95 percent recovery). The 54% decrease in gold production compared to the same quarter last year was mainly due to the 44% decrease in grade due to excess dilution, the 9% decrease mill recovery due to use of inferior locally sourced parts and the 2% decrease in tonnes milled. The year to date 25% decrease in gold production compared to the same period last year was mainly due to the 37% decrease in feed grade mainly attributed to grade achieved from the Bai Go mine being lower than anticipated.

During the quarter ended December 31, 2013 costs per tonne mined and milled have increased to $101.75 compared with $93.19 in the quarter ended September 30, 2013 and $107.60 in the same comparative period ended December 31, 2012. Mining cost per tonne was $38.90 in the second quarter of 2014, a 14% decrease of $45.17 from the same quarter last year, as a result of the reduction in costs from the substitution of Powergel with Anfo, recycling of hydraulic oil, and more efficient maintenance of the underground fleet. Processing costs per tonne of ore was $43.77 in the second quarter of 2014, a 18% increase from the same quarter as last year, as a result of the high costs this quarter for equipment parts and steel balls. These increases were principally due to import restrictions from the first quarter which necessitated sourcing of inferior quality materials locally at a higher overall cost. Our milling expatriate staff from Bong Mieu have transferred their working assignments to Phuoc Son in November due to the temporary closure of Bong Mieu. Overhead costs per tonne of ore in the second quarter ended December 31, 2013 decreased 25% relative to the same comparable quarter last year as a result of cost reductions within transportation, catering and housekeeping. Mine overhead costs increased 28% relative to the previous quarter based on lower tonnages applied to a largely fixed cost item.

During the six months ended December 31, 2013 costs per tonne mined and milled have been reduced to $96.94 compared with $111.49 in the same period last year ended December 31, 2012. Mining cost per tonne reduced by 20% as a result of a substantial decrease in explosives and fuel and more efficient maintenance of the underground fleet. Processing costs per tonne of ore increased by 8% as a result of the high costs for equipment parts and steel balls. Overhead costs per tonne of ore in the six months ended December 31, 2013 decreased 33% relative to the same comparable period last year as a result of cost reductions within transportation, catering and housekeeping.

Work continued on renegotiating all supply contracts and on setting up our own maintenance team as well as self refining.

6666 Company have also agreed to reprocess our flotation tailings which will result in a delay in the need to raise that dam.

Exploration Report

Phuoc Son Gold Project

Bai Dat

No current exploration.

Dak Sa Peripheral

No current exploration.

Outlook to June 30, 2014

- Develop Bai Dat to Level 7
- Construction to increase capacity of Dam 2A and 2B
- 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

BONG MIEU GOLD PROJECT

Results of Operations and Exploration Update

	3 months		Diff	3 months	Diff	Six months ended		Diff
	Sep 30, 2013	Dec 31, 2013	(%)	Dec 31, 2012	(%)	Dec 31, 2013	Dec 31, 2012	(%)
Financial Data ($)								
Gold sales	5,524,572	**6,418,388**	16	5,430,799	18	**11,942,960**	11,266,404	6
Cost of sales	3,913,300	**6,198,257**	58	2,429,268	155	**10,111,557**	5,466,912	85
Royalties	153,229	**157,308**	3	179,277	(12)	**310,537**	360,911	(14)
Environment fees	309,170	**203,140**	(34)	283,366	(28)	**512,310**	567,085	(10)
Depreciation and amortization	489,250	**385,659**	(21)	1,703,890	(77)	**874,909**	2,836,036	(69)
Earnings from mine operations	**659,623**	**(525,976)**	**(180)**	**834,998**	**(163)**	**133,647**	**2,035,460**	**(93)**
Operating Data								
Ore milled (tonnes)	58,950	**22,626**	(62)	38,081	(41)	**81,576**	74,932	9
Grade (g/t Au)	3.02	**3.07**	2	3.81	(19)	**3.03**	3.92	(23)
Mill recoveries (%)	88	**87**	(1)	88	(1)	**88**	86	2
Realized gold price	1,275	**1,214**	(5)	1,719	(29)	**1,241**	1,671	35
Gold produced (oz)	5,031	**1,945**	(61)	4,121	(53)	**6,976**	8,110	(14)
Cash operating cost per ounce produced(1)	**892**	**1,410**	**58**	**975**	**45**	**1,036**	**916**	**13**
Ounces sold (oz)	4,334	**5,286**	22	3,160	67	**9,620**	6,742	43
Cash operating cost per ounce sold(2)	**903**	**1,173**	**30**	**769**	**53**	**1,051**	**811**	**30**
Total all-in sustaining costs per ounce sold(3)	**1,215**	**1,788**	**47**	**1,250**	**43**	**1,418**	**1,325**	**7**
Cost of sales (IFRS)	**3,913,300**	**6,198,257**	**58**	**2,429,268**	**155**	**10,111,557**	**5,466,912**	**85**
Inventory adjustment	574,989	**(3,455,999)**	n/a	1,587,835	n/a	**(2,881,010)**	1,965,034	n/a
Total cost of ore produced	**4,488,289**	**2,742,258**	**(39)**	**4,017,103**	**(32)**	**7,230,547**	**7,431,946**	**(3)**
Costs per Tonne of Ore								
Mining	45.04	**57.20**	27	50.56	13	**48.81**	49.16	(1)
Processing	22.41	**33.66**	50	28.99	16	**25.53**	26.16	(2)
Mine Overheads	21.56	**36.85**	71	25.94	42	**26.17**	23.86	10
Total cost per tonne of ore	**89.01**	**127.71**	**43**	**105.49**	**21**	**100.51**	**99.18**	**1**

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. Operating cash 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 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.

($) As at	Dec 31, 2013	Jun 30, 2013
Net deferred exploration and development	4,271,802	5,248,718
Property, plant and equipment	634,628	406,499

	Three months ended		Six months ended	
($)	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Spending on exploration and development activities	160,544	263,069	391,263	707,619
Expenditure on property, plant and equipment	12,707	429,203	123,059	705,366

Production and Operating Statistical Results

Bong Mieu Process Plant

The Bong Mieu mine road from base camp and the mill suffered extensive damage from the typhoons and tropical storms this season. The last storm also cut off fuel to the mines gensets and resulted in the flooding of all levels below the portal. As a result Bong Mieu operations were temporarily suspended. We have reviewed the situation extensively and made the decision to hire a Vietnamese contract mining company. This strategic alliance will serve to help restore Bong Mieu in two ways: first the contractor has extensive relationships with the People's Committee of the province and second they are well versed in low cost operations here in Vietnam. As a sign of good faith, they have already begun repairing the road to the mine prior to the insurance claim payment and we have had several meetings to share our mining strategy and plans prior to the storm. The above force-majeure events have negatively impacted Company's cash operating costs and all-in sustaining costs which during the the quarter ended December 31, 2013 increased to $1,410 and $1,788 from $975 and $1,250, respectively, in the same comparative period last year.

Management has assessed indicators of impairment related to the Bong Mieu project and its associated assets and used a discounted cash flow model to calculate the value in use. Management has assessed indicators of impairment related to the Bong Mieu project and its associated assets and used a discounted cash flow model to calculate the value in use. A preliminary impairment charge in the amount of $15.4m was recognized during the quarter ended December 31, 2013 on assets associated with the Nui Kem project at Bong Mieu. The assessment of an exact terminal value amount related to Bong Mieu assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charge if material will be recorded.

During the quarter ended December 31, 2013 the plant milled 22,626 tonnes of combined tonnage from Nui Kem and the historically mined Ho Gan Pit ore at 3.07 g/t Au, with 87 percent gold extraction efficiency (three months ended December 31, 2012 - 38,081 tonnes at 3.81 g/t Au, with 88 percent recovery). The 61% decrease in gold production is mainly the result of the 62% decrease in tonnages which was caused by shut down of the Nui Kem plant from November 16, 2013.

During the six months ended ended December 31, 2013 the plant milled 81,576 tonnes of combined tonnage from Nui Kem and the historically mined Ho Gan Pit ore at 3.03 g/t Au, with 88 percent gold extraction efficiency (same comparative period last year - 74,932 tonnes at 3.92 g/t Au, with 86 percent recovery).

During the quarter ended December 31, 2013 costs per tonne mined and milled increased to $127.71 compared with the quarter ended September 30, 2013 of $89.01 as well as a 21% increase in costs compared to the same period in 2012. Mining cost per tonne was $57.20 in the second quarter of 2014, 14% higher than $50.56 in the second quarter of 2013 and 27% higher than the first quarter of 2014. Processing cost per tonne of ore of $33.66 in the second quarter of 2014 increased 50% relative to the last quarter and 16% relative to the same quarter last year. As of August 2013, the Company discontinued the services of a third party plant maintenance supplier which reduced year-to-date maintenance costs on a per tonne basis. Processing cost per tonne increased because of the fixed costs and a decrease in tonnes due to the temporary suspension of Bong Mieu. Overhead costs per tonne of ore in the second quarter of 2014 increased 71% to $36.85 compared to the first quarter of 2014 and 42% from $25.94 in same quarter last year.

During the six months ended December 31, 2013 costs per tonne mined and milled increased to $100.51 compared with the same period last year of $99.18. Cost per tonne increased because of the fixed costs associated with Bong Mieu and a decrease in tonnes due to the temporary closure of the Bong Mieu plant.

Exploration Report

Nui Kem

Carbonatite petrological analyses are in progress at Codes (University of Tasmania). Planned analyses include:

- carbonatite whole rock geochemistry (including REE concentration);
- sulphide Ore mineralogy;
- lead isotope (mineralisation age);
- fluid inclusion (ore fluid environment and system classification).

Most results should be available during February 2014. UTAS preliminary comment is that this is a true carbonatite of very young age (Tertiary). This is very rare in Indochina. The occurrence considerably enhances Nui Kem’s prospectivity at depth. Rare-earth analyses will be of particular interest. A report on the partially completed "carbonatite" exploration programme will be completed upon receipt of these results.

Bong Mieu

No current exploration.

Outlook to June 30, 2014

- Finalise road recovery to resume operations at Nui Kem.
- Finalise documentation on strategic alliance with a Vietnamese contract mining company.
- 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.

BAU GOLD PROJECT

Exploration Update

($) As at	Dec 31, 2013	Jun 30, 2013
Net deferred exploration and development	18,964,579	14,618,741
Property, plant and equipment	225,067	120,916

	Three months ended		Six months ended	
($)	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Spending on exploration and development activities	383,471	851,026	977,438	2,102,627
Expenditure on property, plant and equipment	—	26,775	134,724	26,775

Jugan Sector

Exploration during the quarter included geochemical survey follow-up, IP Survey follow-up and Geological modelling and Winkie drilling (4 holes) at Bukit Sarin.

Other Bau Sectors

Exploration during the quarter included modelling of regional structures, Jugan West geology, tailings deposits surrounding Jugan and continued update of the GDMS.

Bau Tenure

Applications for four separate Mining Certificates are being prepared in order to maintain tenure over ground within three separate areas (that are currently covered by one existing Pejiru Mining Certificate, which will expire during CY2014), plus one adjacent area (that was previously a General Prospecting License application renewal).

Serian Project

No fieldwork was conducted during the quarter.

Rawan Project

No fieldwork was conducted during the quarter.

Outlook to June 30, 2014

- Complete financing options for development of Bau
- Prioritise and plan drill programs for drill targets following IP survey and soil sampling program
- Company is seeking farm-out partners to advance certain projects

GR ENMORE GOLD PROJECT

Exploration Update

During the quarter ended December 31, 2013, the decision was made to withdraw from the Enmore Project and the value of related mineral property assets in the amount of $0.55m was impaired. Residual licensing obligations are being attended to.

Summary of Quarterly Results

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

	Q2 FY2014	Q1 FY2014	Q4 FY2013	Q3 FY2013	Q2 FY2013	Q1 FY2013	Q2 2012	Q1 2012
Gold production (oz)	7,550	14,425	18,482	13,589	16,204	11,912	7,839	12,523
Gold sales (oz)	10,953	15,631	15,800	12,200	12,570	11,625	4,211	16,500
Gold sales	13,791,902	20,216,909	22,244,500	19,812,500	21,546,213	19,169,500	6,725,015	27,827,250
Net income (loss)	(30,744,507)	(8,071,681)	(16,475,831)	(560,641)	(4,600,605)	(3,665,952)	(14,502,571)	(3,824,320)
(Loss) income per share-basic	(0.069)	(0.020)	(0.037)	(0.002)	(0.012)	(0.01)	(0.029)	(0.011)
(Loss) income per share-diluted	(0.069)	(0.020)	(0.037)	(0.002)	(0.012)	(0.01)	(0.029)	(0.011)

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

During the quarter ended December 31, 2013, the Company produced 7,550 ounces of gold and sold 10,953 ounces of gold, the difference being decreased holding of gold inventory at the end of December 31, 2013.

During the quarter ended December 31, 2013, the average realised gold price decreased by 27% to $1,259 from $1,714 in the same quarter last year.

The loss in the quarter ended December 31, 2013 is a result of lower production at Phuoc Son and the temporary suspension of operations at Bong Mieu.

Earnings Summary

	3 months		Diff	Six months ended		Diff
($)	Dec 31, 2013	Dec 31, 2012	(%)	Dec 31, 2013	Dec 31, 2012	(%)
Sales	**13,791,902**	**21,546,213**	**(36)**	**34,008,811**	**40,715,713**	**(16)**
Costs of sales	16,057,911	8,276,825	94	31,614,929	18,228,251	73
Royalty expense	1,694,204	2,790,972	(39)	4,152,199	4,994,754	(17)
Environmental fees	868,318	945,091	(8)	2,168,326	1,736,524	25
Corporate and administrative expenses	1,067,149	2,641,076	(60)	2,492,061	4,843,392	(49)
Share-based compensation	136,172	652,358	(79)	336,196	1,265,539	(73)
Exploration costs	131,959	244,395	(46)	313,475	628,867	(50)
Depreciation and amortization	3,240,213	5,663,795	(43)	7,012,012	10,325,329	(32)
Impairment charges	19,222,053	—	(43)	19,222,053	—	(45)
Finance charges	1,935,304	3,634,201	(47)	4,975,514	6,068,170	(18)
	44,353,283	**24,848,713**	**78**	**72,286,765**	**48,090,826**	**50**
Loss for the period before income tax	**(30,561,381)**	**(3,302,500)**	**825**	**(38,277,954)**	**(7,375,113)**	**419**
Income tax expense	183,126	1,298,105	(86)	538,233	891,444	(40)
Total comprehensive loss for the period	**(30,744,507)**	**(4,600,605)**	**568**	**(38,816,187)**	**(8,266,557)**	**370**

Sales

During the quarter ended December 31, 2013 gold sales decreased to $13,791,902 from $21,546,213 in the same period of 2012 based on a 13% decrease in ounces sold and a 27% decrease in realized gold price per ounce. Gold production decreased to 7,550 ounces from 16,204 ounces in the same period of 2012 due to the decrease in milled tonnes by both Phuoc Son and Bong Mieu and a decrease in feed grade from 4.52 g/t to 2.65g/t in the reporting quarter. Bong Mieu lower production during the quarter ended December 31, 2013 was affected by the temporary suspension of operations at Nui Kem plant.

During the six months ended ended December 31, 2013 gold sales decreased to $34,008,811 from $40,715,713 in the same period of 2012 based on a 24% decrease in realized price per ounce offset by a 10% increase in ounces sold. Gold production decreased by 22% compared to the same period in 2012 due to the decrease in feed grade from 4.43 g/t to 2.96g/t.

Cost of sales

Cost of sales consists of production costs adjusted for a change in inventory balances and cost of gold used to settle gold loan.

The production issues at Phuoc Son and a temporary closure of Nui Kem during the quarter ended December 31, 2012 resulted in all-in sustaining costs per gold ounce sold of $2,063 which is above our previous guidance of $1,150 to $1,200 for the full year of 2014. This has significantly affected cost of sales.

During the quarter ended December 31, 2013 cost of sales increased to $16,057,911 from $8,276,825 in the comparative period ended December 31, 2012, based on 123% increase in operating cost per ounce sold offset by a 13% decrease in ounces sold. Operating cash costs per gold ounce produced for the quarter ended December 31, 2013 were $1,481 compared to $794 for the same period in 2012 mainly due to lower gold production. During the six months ended ended December 31, 2013 cost of sales increased to $31,614,929 from $18,228,251 in the comparative period ended December 31, 2012, based on a 58% increase in operating cost per ounce sold and a 10% increase in ounces sold.

Royalty Expenses

The Phuoc Son and Bong Mieu companies are taxed with 15% and 3% royalty rates, respectively, calculated based on gross sales. The rates have been established by the Vietnamese government. During the three and six-month periods ended December 31, 2013 royalty expenses increased to $1,694,204 and $4,152,199 from $2,790,972 and $4,994,754 in the same comparative periods ended December 31, 2012 due to a decrease in sales. We have made application for tax deferrals pursuant to typhoon disaster relief legislation.

Environmental Fees

Environmental fees are charged by the Ministry of Natural Resources of Vietnam and are based on tonnes of ore mined during the month. The current rate is VND 180,000 per tonne. During the quarter ended December 31, 2013 environmental fees decreased to $868,318 from $945,091 in the comparative period ended December 31, 2012 due to the decrease in volume of ore mined to 102,797 tonnes from 120,257 tonnes in the same period last year. During the six months ended December 31, 2013 environmental fees increased to $2,168,326 from $1,736,524 in the comparative period ended December 31, 2012 due to the increase in volume of ore mined to 259,384 tonnes from 216,446 tonnes in the same period last year. The Company is negotiating to apply a revised method of calculation which would result in a lower environmental fee.

Depreciation and Amortization

During the three and six-month periods ended December 31, 2013 depreciation and amortization expense decreased to $3,240,213 and $7,012,012 from $5,663,795 and $10,325,329 in the same comparative periods ended December 31, 2012 mainly due to the decrease in production to 7,550 oz and 21,975 oz from 16,204 oz and 28,115 oz, respectively, and impairment charge incurred in 2013 for Phuoc Son projects which reduced the value of property plant and equipment, deferred development and exploration costs and consequently depreciation and amortization charge going forward.

Impairment Charges

The impairment charge incurred during the quarter ended December 31, 2013 related to the following projects:

	Phuoc Son	Bong Mieu	Binh Dinh NZ Gold	GR Enmore	TOTAL
Property plant and equipment	9,929,312	576,563	9,488	—	**10,515,363**
Deferred exploration expenditure	1,870,396	—	780,777	—	**2,651,173**
Deferred development expenditure	2,425,792	535,708	—	—	**2,961,500**
Mine properties	1,163,322	47,362	1,333,333	550,000	**3,094,017**
	15,388,822	**1,159,633**	**2,123,598**	**550,000**	**19,222,053**

Management has assessed indicators of impairment related to the Company's mine projects and its associated assets and used a discounted cash flow model to calculate the value in use. The assessment of an exact terminal value amount related to Phuoc Son and Bong Mieu assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charges where material will be recorded.

Corporate and Administrative Expenses

During the three and six-month periods ended December 31, 2013 corporate and administrative expenses decreased to $1,067,149 and $2,492,061 from $2,641,076 and $4,843,392, respectively, in the comparative period ended December 31, 2012 mainly due to the reduction in number of officers, restructuring of remaining officers' remuneration packages, reduction in use of external contractors, and reduction in travel and related costs.

Share-based Compensation Expense

Share-based payment expense recognized for stock options that vested during the three and six-month periods ended December 31, 2013 amounted to $136,172 and $336,196 (three and six-month periods ended December 31, 2012 - $652,358 and $1,265,539). No new options were issued during the six months ended December 31, 2013 and the decreased share-based payment expense mainly relates to fewer options vesting during the reporting periods compared to the same periods last year.

Exploration Costs

During the three and six-month periods ended December 31, 2013, exploration costs decreased to $131,959 and $313,475 compared with $244,395 and $628,867 in the same comparative periods ended December 31, 2012. The Company had to cut most of its exploration programs until funding is arranged.

Finance Expenses

	Three months ended		Six months ended	
($)	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Interest on convertible notes and gold-linked loans	906,055	1,046,190	1,789,661	2,076,931
Accretion on convertible notes and gold- linked notes	1,531,154	1,422,088	2,932,686	2,913,118
Interest expense (income), net	476,445	427,527	879,412	489,858
Derivative - fair value revaluations	(259,000)	(4,290,401)	(57,850)	(4,879,065)
Foreign exchange (gain) loss, net	(774,795)	(223,775)	(676,431)	214,756
Financing costs	55,445	4,051,065	108,036	4,051,065
Gain on gold loan principal repayment	—	1,201,507		1,201,507
Total	**1,935,304**	**3,634,201**	**4,975,514**	**6,068,170**

During the three and six-month periods ended December 31, 2013, interest and accretion on the convertible notes and gold-linked notes decreased compared to same periods ended December 31, 2012 due to interest related to gold loan fully repaid in May 2013. Interest expense amounted to $476,445 and $879,412 during the three and six-month periods ended December 31, 2013 compared with $427,527 and $489,858 during the same comparative periods last year due to penalties incurred on unpaid tax and government fees in Vietnam and a higher interest rate charged on the Phuoc Son secured borrowings.

During the three and six-month periods ended December 31, 2013, derivatives revaluation gain amounted to $259,000 and $57,850 compared with $4,290,401 and $4,879,065 in the same comparative periods last year. The company has increased the volatility on the non-gold-linked notes, due to the historical volatility of Besra’s stock price. During the quarter ended December 31, 2012, derivative revaluation gains amounted to $4,290,401. $2.3m of the revaluation gain relates to November 30, 2012 settlement of the 2,305 ounces of gold loan and de-recognition of the derivative liability. The change in estimated future gold prices during the three and six-month periods ended December 31, 2012 explains the rest of the revaluation gain in the respective periods.

During the three and six-month periods ended December 31, 2013 foreign exchange gain amounted to $774,795 and $676,431, respectively (three and six-month periods ended December 31, 2012: $223,775 gain and $214,756 loss, respectively). Foreign exchange fluctuations are the result of a CAD-USD exchange rate change and its impact on Company's CAD denominated convertible notes and gold-linked notes.

Liquidity, Capital Resources and Going Concern

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 three and six-month periods ended December 31, 2013, the Group incurred a net loss of $30,744,507 and $38,816,187, respectively. As at December 31, 2013 the Group's current liabilities exceeded its current assets by $37,603,273 and contractual commitments amounted to $16,017,179. 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 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.

As at December 31, 2013, the cash and cash equivalents' balance decreased to $939,701 from $4,062,045 at June 30, 2013.

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. The settlement of interest related to gold-linked and convertible notes of $1,808,078 due on November 21, 2013 was deferred.

The liquidity constraints have affected the Company's ability to operate, suppliers and other creditor payments have been delayed. As a result it may be difficult to source supplies.

Besra has financed its operations to date primarily from sale of gold and through the raising of short term debt. The company is tackling some significant liquidity challenges at the present time, and is actively pursuing a range of financing and refinancing options. In the immediate future the company is looking to access debt or equity to pave the way to a return to profitable operations in Vietnam. If the fundraising is not completed during February 2014 it is unlikely that Besra will be able to continue operations.

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 future success may be adversely affected.

As at December 31, 2013, the Company was holding cash and cash equivalents of $939,701 compared to $4,062,045 as at June 30, 2013.

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments and including estimated interest as at December 31, 2013:

	Carrying	Group's undiscounted financial liabilities due in			
($)	Amount	Total	1-3 months	4-12 months	1-2 years
Convertible notes	17,696,020	**24,251,480**	7,008,305	1,239,078	16,004,097
Gold-linked notes	18,608,469	**24,347,582**	914,802	1,824,604	21,608,176
Secured bank loans	6,725,034	**7,052,430**	7,052,430	—	—
Trade and other payables	31,309,856	**31,309,856**	31,309,856	—	—
Financial derivatives	825,000	**825,000**	—	—	825,000
Total	**75,164,379**	**87,786,348**	**46,285,393**	**3,063,682**	**38,437,273**

Working Capital

As at December 31, 2013, the working capital deficit amounted to $22,620,062.

($) As at	Dec 31, 2013	Jun 30, 2013
Inventories	5,439,725	12,224,852
Tax and other receivables	2,375,147	1,714,355
Prepaid expenses	874,922	1,614,240
Tax and trade payables	(31,309,856)	(27,429,290)
Net Working Capital	**(22,620,062)**	**(11,875,843)**

Tax and trade payables at December 31, 2013 were as follows:

($) As at	Dec 31, 2013	Jun 30, 2013
Taxes and government fees payable	15,344,824	12,685,228
Trade payables	11,963,211	10,832,636
Accruals and other payables	4,001,821	3,911,426
Total	**31,309,856**	**27,429,290**

Cash Flows

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

($) 3 months ended	Three months ended Dec 31, 2013	Dec 31, 2012	Six months ended Dec 31, 2013	Dec 31, 2012
Net cash provided by operating activities	1,617,618	4,012,341	2,110,118	6,923,025
Net cash used in investing activities	(2,329,568)	(2,850,558)	(5,183,676)	(6,067,926)
Net cash provided from financing activities	(191,461)	(841,144)	(50,018)	454,069
Increase (decrease) in cash and cash equivalents	(903,411)	320,639	(3,123,576)	1,309,168
Net foreign exchange difference	(1,112)	16,383	1,232	16,661
Beginning cash and cash equivalents	1,844,224	4,386,535	4,062,045	3,397,728
Ending cash and cash equivalents	939,701	4,723,557	939,701	4,723,557

Cash from Operating Activities

Cash flow provided by operating activities for three and six-month periods ended December 31, 2013 was US$1,617,618 and $2,110,118 (three and six-month periods ended December 31, 2012: US$4,012,341 and $6,923,025, respectively) which was insufficient to cover its investment expenditure of $2,329,568 and $5,183,676 (three and six-month periods ended December 31, 2013: $2,850,558 and $6,067,926, respectively), which required the Company to draw down additional debt and use most of its cash balances.

Investing Activities

During the three and six-month periods ended December 31, 2013, Besra invested a total of US$1,244,704 and $2,532,669 (three and six-month periods ended December 31, 2012: US$2,265,935 and $4,998,171) in deferred exploration and development expenses, $684,864 and $2,001,007 acquiring property, plant and equipment (three and six-month periods ended December 31, 2012: $584,623 and $1,069,755), as follows:

($) 3 months ended	Deferred Exploration & Development Expenditure Dec 31, 2013	Dec 31, 2012	Property Plant & Equipment Dec 31, 2013	Dec 31, 2012
Bong Mieu	160,544	263,069	12,707	429,203
Phuoc Son	700,689	1,151,840	672,157	128,645
Bau	383,471	851,026	—	26,775
Other	—	—	—	—
Total	**1,244,704**	**2,265,935**	**684,864**	**584,623**

($) 6 months ended	Deferred Exploration & Development Expenditure Dec 31, 2013	Dec 31, 2012	Property Plant & Equipment Dec 31, 2013	Dec 31, 2012
Bong Mieu	391,263	707,619	123,059	705,366
Phuoc Son	1,163,968	2,187,925	1,743,224	287,907
Bau	977,438	2,102,627	134,724	26,775
Other	—	—	—	49,707
Total	**2,532,669**	**4,998,171**	**2,001,007**	**1,069,755**

During the three and six-month periods ended December 31, 2013, Besra invested $400,000 and $650,000, respectively, in increasing its interest in North Borneo Gold Sdn Bhd (three and six-month periods ended December 31, 2012: $600,000).

Commitments, Contingencies and Contractual Obligations

Balance at December 31, 2013 Payment Due ($)	Total	Less than one year	Year 2	Year 3	Year 4	Year 5 and thereafter
Operating leases	**619,099**	289,263	150,120	72,449	59,635	47,632
Purchase obligations - supplies & services	**4,354,342**	4,354,342	—	—	—	—
Purchase obligations - capital	**492,803**	492,803	—	—	—	—
Acquisition of interest in North Borneo Gold Sdn Bhd	**7,750,000**	2,750,000	4,000,000	1,000,000	—	—
Asset retirement obligations	**2,800,935**	321,899	377,854	1,481,736	619,446	—
Total	**16,017,179**	**8,208,307**	**4,527,974**	**2,554,185**	**679,081**	**47,632**

In 2010 the Company entered into an agreement with Gladioli Enterprises SDN BHD, 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 of $7,750,000 in total. The Tranche 4a which was due on December 2, 2013 and unpaid at December 31, 2013 amounted to $950,000.

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 $300,000 upon the signing of the joint venture agreement, is required to pay a further $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 $2,000,000 payment and the issuance of 2,000,000 common shares of the Company or common shares having a market value of $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 $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), an 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. No provision has been recognized in the consolidated financial statements as at December 31, 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

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

		% equity held as at	
Name	**Country of Incorporation**	**Dec 31, 2013**	**Jun 30, 2013**
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	85.61
Bau Mining Co Ltd	Samoa	91	91
KS Mining Ltd	Samoa	100	100

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

	Three months ended		Six months ended	
($) 3 months ended	**Dec 31, 2013**	**Dec 31, 2012**	**Dec 31, 2013**	**Dec 31, 2012**
Management fees and salary	510,993	612,004	**1,019,060**	1,375,580
Share based compensation	88,526	460,671	**227,004**	865,928
Total compensation of key management	**599,519**	**1,072,675**	**1,246,064**	**2,241,508**

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:

			Number of Options Outstanding	
Issue Date	**Expiry Date**	**Exercise Price CAD$**	**Dec 31, 2013**	**Jun 30, 2013**
Jan-10	Dec-14	0.40	2,073,618	2,073,618
Jun-10	Apr-15	0.42	1,500,000	1,500,000
Jun-10	Apr-15	0.60	1,500,000	1,500,000
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	2,425,000
Total			**17,206,467**	**17,206,467**

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 ($)	
Award year	**Units**	**Dec 31, 2013**	**Jun 30, 2013**
2008	116,667	5,454	5,542
2009	120,690	5,642	5,733
Total of deferred share units outstanding	**237,357**	**11,096**	**11,275**

In 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 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 December 31, 2013 were 237,357 units. Liabilities related to this plan are recorded in accrued liabilities and totaled $11,096 as at December 31, 2013 (as at June 30, 2013 - $11,275). The DSU plan was discontinued for new grants in 2010.

Companies Controlled by Management

Management compensation incurred on behalf of the Company was 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
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 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 December 31, 2013, the Company had issued and outstanding 378,781,274 common shares. Subsequent to December 31, 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 December 31, 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 December 31, 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 December 31, 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.

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.

Critical Accounting Estimates

Information about significant areas of estimation uncertainty considered by management in preparing the Interim Financial Statements is described in the annual financial statements for the year ended June 30, 2013.

Accounting Policies

The accounting policies and methods of computation are consistent with those of the annual financial statements for the year ended June 30, 2013 as described in those annual financial statements.

Changes in Accounting Standards

The Company has reviewed new and revised accounting pronouncements that have been issued. There have been no new or amended International Financing Reporting Standards (“IFRS”) or interpretations applicable to the Company which were issued and were effective at July 1, 2013.

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.

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 Company adopted the World Gold Council guidance regarding the non-GAAP measures “All-In Sustaining Costs” with the exceptions of calculation of sustaining capital and exploration expenditure where the management has decided to use estimated (budgeted) costs of tailings dams, cost of development meters and costs of additional property plant and equipment instead of recommended by the Council cash flow figures.

Operating cash costs per ounce produced (sold) is calculated by total production costs (cost of sales) 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.

Reconciliation of total All-in-costs from continuing operations, as a non-IFRS measure, to the nearest comparable IFRS measure, cost of sales from continuing operations

	Three months ended			Six months ended		
$	Dec 31, 2013	Dec 31, 2012	Diff	Dec 31, 2013	Dec 31, 2012	Diff
Costs of sales (IFRS)	16,057,911	8,276,825	94	31,614,929	18,228,251	73
Inventory adjustment	(4,873,272)	4,583,229	(206)	(5,975,465)	4,980,875	(220)
Total production costs	**11,184,639**	**12,860,054**	(13)	**25,639,464**	**23,209,126**	10
Gold produced (oz)	7,550	16,204	(53)	21,975	28,115	(22)
Operating cash costs per ounces produced	**1,481**	**794**	87	**1,167**	**826**	41
Add costs to calculate All-in Sustaining Costs (per oz):						
- Royalties	147	149	(1)	149	165	(10)
- Environmental fees	107	63	70	94	64	47
- Export tax	54	—	n/a	34	—	n/a
- Allocated corporate general and administrative expenses	98	71	38	69	71	(3)
- Allocated share-based compensation	12	26	(54)	10	52	(81)
- Sustaining capital and exploration	164	147	12	165	147	12
All-in sustaining costs	**2,063**	**1,250**	**65**	**1,688**	**1,325**	**27**

During the quarter ended December 31, 2013 All-in sustaining costs increased to $2,063 from $1,250 in the comparative period ended December 31, 2012. Environmental fees (per ounce of gold produced) increased by 70% mainly due to a decrease in feed grade and necessity to process more tonnes of ore to meet production targets. Allocated corporate and administrative expenses decreased in nominal amounts but increased on per ounce of gold produced basis due to a 53% decrease in production compared to the same quarter last year. Operating cash costs per gold ounce produced for the quarter ended December 31, 2013 were $1,481 compared to $794 for the same period in 2012 mainly due to lower gold production. Export restrictions forced the Company to exporting dore bars or selling gold in Vietnam, each attributing a 10% export tax and VAT, respectively.

During the six months ended ended December 31, 2013 All-in sustaining costs increased by 27**%** to $1,688 from $1,325 in the comparative period ended December 31, 2012 mainly due to a 22% decrease in production. Lower share-based compensation costs are due to fewer options being vested during the reporting periods and expiry of options not being exercised. All-in sustaining costs increased mainly due to a revision of annual production estimate at Phuoc Son and Bong Mieu from 70,000 oz to 45,000 oz for the fiscal year 2014.

Risk Factors and Uncertainties

Readers of this MD&A are encouraged to read the “Risk Factors and Uncertainties” as more fully described in the Company’s filings with the Canadian Securities Administrators, including its Annual Report for the period ended June 30, 2013, available on SEDAR at www.sedar.com.

Important risk factors to consider, among others, are

- Ability of the Company to continue as a going concern
- Ability of the Company to raise funds in order to carry out the business
- Commodity Price Volatility
- Uncertainty in the Estimation of Mineral Reserves and Mineral Resources
- Uncertainty of Exploration and Development

- The Company May Not Achieve its Production Estimates
- Environmental Risks and Hazards

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. Graeme Fulton, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Fulton 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 2012 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. Fulton is a full-time consultant to the Company and is not “independent” within the meaning of National Instrument 43-101. Mr. Fulton consents to the inclusion in this report of the technical information in the form and context in which it appears.

Mr. Fulton 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.

Notice To The Reader

The accompanying unaudited interim condensed consolidated financial statements for the three and six-month periods ended December 31, 2013 (“Interim Financial Statements”) and all information contained in the management's discussion and analysis have been prepared by and are the responsibility of the management of Besra Gold Inc. and its subsidiaries.

The Audit Committee of the Board of Directors, consisting of three members, has reviewed the Interim Financial Statements and related financial reporting matters. The Company's independent auditors, Ernst & Young LLP, Chartered Accountants, have not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

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

For the three and six-month periods ended December 31, 2013

		Three months ended		Six months ended	
(US$) (unaudited)	Note	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Sales		13,791,902	21,546,213	34,008,811	40,715,713
Cost of sales		16,057,911	8,276,825	31,614,929	18,228,251
Royalty expense		1,694,204	2,790,972	4,152,199	4,994,754
Environmental fees		868,318	945,091	2,168,326	1,736,524
Corporate and administrative expenses		1,067,149	2,641,076	2,492,061	4,843,392
Share-based compensation	21	136,172	652,358	336,196	1,265,539
Exploration costs		131,959	244,395	313,475	628,867
Depreciation and amortization		3,240,213	5,663,795	7,012,012	10,325,329
Impairment charges	9-12	19,222,053	—	19,222,053	—
Finance charges	8	1,935,304	3,634,201	4,975,514	6,068,170
		44,353,283	**24,848,713**	**72,286,765**	**48,090,826**
Loss for the period before income tax		**(30,561,381)**	**(3,302,500)**	**(38,277,954)**	**(7,375,113)**
Income tax expense		183,126	1,298,105	538,233	891,444
Total comprehensive loss for the period		**(30,744,507)**	**(4,600,605)**	**(38,816,187)**	**(8,266,557)**
Attributable to:					
Equity owners		(26,313,536)	(4,532,101)	(33,703,237)	(8,375,380)
Non-controlling interest		(4,430,971)	(68,504)	(5,112,950)	108,823
Loss per share attributable to equity owners					
Basic	7	(0.069)	(0.012)	(0.089)	(0.022)
Diluted	7	(0.069)	(0.012)	(0.089)	(0.022)

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

Interim Consolidated Statement of Financial Position

As at December 31, 2013

US$ (unaudited)	Note	Dec 31, 2013	Jun 30, 2013
ASSETS			
Current			
Cash and cash equivalents	13	939,701	4,062,045
Tax and other receivables	14	2,375,147	1,714,355
Inventories	15	5,439,725	12,224,852
Prepaid expenses		874,922	1,614,240
		9,629,495	**19,615,492**
Non-current			
Property, plant & equipment	9	6,575,853	17,231,269
Deferred exploration expenditure	10	19,281,049	20,955,054
Deferred development expenditure	11	1,862,221	6,216,049
Mine properties	12	33,256,066	36,989,031
Other long-term assets		992,001	352,603
		61,967,190	**81,744,006**
TOTAL ASSETS		**71,596,685**	**101,359,498**
LIABILITIES			
Current			
Provisions	16	1,360,790	1,450,071
Tax and trade payables	17	31,309,856	27,429,290
Interest-bearing loans and borrowings	18	7,794,801	6,981,965
Convertible notes	18	6,767,321	5,353,217
		47,232,768	**41,214,543**
Non-current			
Provisions	16	2,000,432	1,404,846
Derivative financial liabilities	19	825,000	882,850
Convertible notes	18	10,928,699	9,803,088
Interest-bearing loans and borrowings	18	17,538,702	16,645,179
Deferred tax liabilities		6,890,321	6,717,486
		38,183,154	**35,453,449**
TOTAL LIABILITIES		**85,415,922**	**76,667,992**
EQUITY			
Issued capital and reserves	20	129,695,652	129,390,208
Deficit		(138,061,064)	(104,357,827)
		(8,365,412)	**25,032,381**
Non-controlling interest		(5,453,825)	(340,875)
TOTAL EQUITY		**(13,819,237)**	**24,691,506**
TOTAL LIABILITIES AND EQUITY		**71,596,685**	**101,359,498**
Commitments, contingencies and contractual obligations	23		

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

Interim Consolidated Statement of Changes in Equity

For the six months ended December 31, 2013

US$ (unaudited)	Issued Capital	Deficit	Reserves (note 20)	Non-Controlling Interest	Total Equity
Balance at July 1, 2013	**135,182,292**	**(104,357,827)**	**(5,792,084)**	**(340,875)**	**24,691,506**
Loss for the period	—	(33,703,237)	—	(5,112,950)	**(38,816,187)**
Share capital cancelled	(30,752)	—	—	—	**(30,752)**
Share-based payments (note 21)	—	—	336,196	—	**336,196**
Balance at December 31, 2013	**135,151,540**	**(138,061,064)**	**(5,455,888)**	**(5,453,825)**	**(13,819,237)**

For the six months ended December 31, 2012

US$ (unaudited)	Issued Capital	Deficit	Reserves (note 20)	Non-Controlling Interest	Total Equity
Balance at July 1, 2012	**135,134,697**	**(81,103,158)**	**(5,638,890)**	**2,169,412**	**50,562,061**
(Loss) income for the period	—	(8,375,380)		108,823	**(8,266,557)**
Share-based payments (note 21)	—	—	1,265,539	—	**1,265,539**
Investment in subsidiary	—	—	(494,305)	(105,695)	**(600,000)**
Balance at December 31, 2012	**135,134,697**	**(89,478,538)**	**(4,867,656)**	**2,172,540**	**42,961,043**

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

Interim Consolidated Statement of Cash Flows

For the three and six-month periods ended December 31, 2013

	Three months ended		Six months ended	
US$ (unaudited)	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
OPERATING ACTIVITIES				
Loss for the period after tax	**(30,744,507)**	**(4,600,605)**	**(38,816,187)**	**(8,266,557)**
Items not affecting cash				
Depreciation and amortization	3,240,213	5,663,795	7,012,012	10,325,329
Impairment charges	19,222,053	—	19,222,053	—
Loss (gain) on gold loan principal repayment	—	1,201,507	—	1,201,507
Loss of disposal of capital assets	—	10,637	—	10,637
Stock-based compensation expense	136,172	652,358	336,196	1,265,539
Deferred income tax	131,108	663,428	446,839	227,416
Deferred issuance costs	—	3,535,346	—	3,535,346
Derivatives revaluation	(259,000)	(4,290,400)	(57,850)	(4,879,065)
Interest and accretion of term loans	2,742,206	611,474	4,966,613	2,575,243
Unrealized foreign exchange	(756,330)	(223,775)	(556,701)	136,785
ARO accretion adjustment	34,362	(25,281)	63,337	61,547
Other non-cash adjustments	29,499	—	29,499	
Changes in non-cash working capital balances				
Trade and other receivables and other financial assets	1,065,637	165,491	85,275	155,599
Trade and other payables	2,227,419	4,395,339	3,198,729	4,708,575
Inventory	4,548,786	(3,746,973)	6,180,303	(4,134,876)
Cash provided by operating activities	**1,617,618**	**4,012,341**	**2,110,118**	**6,923,025**
INVESTING ACTIVITIES				
Deferred exploration and development costs	(1,244,704)	(2,265,935)	(2,532,669)	(4,998,171)
Acquisition of property, plant and equipment	(684,864)	(584,623)	(2,001,007)	(1,069,755)
Investment in subsidiary	(400,000)	—	(650,000)	—
Cash used in investing activities	**(2,329,568)**	**(2,850,558)**	**(5,183,676)**	**(6,067,926)**
FINANCING ACTIVITIES				
Repayment of the secured bank loan	(3,653,866)	(461,000)	(7,552,471)	(461,000)
Proceeds from the secured bank loan	3,462,405	—	7,502,453	1,744,781
Purchase of shares through share buy-back		—	—	—
Finance lease payments	—	(380,144)	—	(829,712)
Proceeds from options and warrants exercised	—	—	—	—
Cash provided by (used in) financing activities	**(191,461)**	**(841,144)**	**(50,018)**	**454,069**
(Decrease) increase in cash during the period	(903,411)	320,639	(3,123,576)	1,309,168
Cash - beginning of the period	**1,844,224**	**4,386,535**	**4,062,045**	**3,397,728**
Effect of foreign exchange rate changes on cash	(1,112)	16,383	1,232	16,661
Cash - end of the period	**939,701**	**4,723,557**	**939,701**	**4,723,557**
Supplemental information				
Interest paid	139,059	1,945,468	261,751	2,472,389
Income taxes paid	—	511,961	—	511,961

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

1. Corporate Information

The unaudited interim condensed consolidated financial statements ("Interim Financial Statements") of Besra Gold Inc. (the "Company" or "Besra") and its subsidiaries (together, the "Group") for the three and six-month periods ended December 31, 2013 were authorized for issue in accordance with a resolution of the Company's Audit Committee on February 14, 2014. 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, 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 Financial Statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Financial Statements do not include all of the information and disclosure required in the annual financial statements, and should therefore be read in conjunction with the annual financial statements for the year ended June 30, 2013, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

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

Where necessary, comparatives have been reclassified to maintain consistency and comparability with current period figures.

3. Material Uncertainly in relation to Going Concern

During the three and six-month periods ended December 31, 2013, the Group incurred a net loss of $30,744,507 and $38,816,187. As at December 31, 2013 the Group's current liabilities exceeded its current assets by $37,603,273 and contractual commitments amounted to $16,017,179. 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 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.

These Interim 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. A going concern basis was assessed using a cashflow forecast for the next 12 months from the date of these financial statements. The forecast includes the following key assumptions and strategies:

- The implementation of further cost reductions.
- Maintaining a gold price above US$1,200 per ounce.
- Maintaining Vietnam production above 45,000 oz per annum.
- The Group being able to successfully negotiate a deferment of tax payments due with the Vietnam tax department.
- Receiving settlement of the proceeds from the Vietnam business interruption insurance claim related to the November typhoons.
- Receiving confirmation of a revised basis of calculating environment fees in Vietnam.
- The renewal of the existing overdraft facilities with Vietcom Bank and Vietabank in Vietnam.
- The need to secure sufficient funds either through debt and or equity in order to settle the Convertible Note of CAD$6.3m which falls due in March 2014. Or come to agreement with the Convertible Note holders to extend the settlement date of the notes.
- The need to secure sufficient funds either through debt and or equity in order to maintain sufficient levels of working capital and to meet its repayment obligations to creditors.

If any of the key assumptions as outlined above, fail to occur as anticipated, the going concern basis may not be appropriate, and as a result the Group may have to realize its assets and extinguish its liabilities other than in the ordinary course of business. If the "going concern" assumption was not appropriate, then adjustments to the carrying values of the assets and liabilities, expenses and consolidated balance sheet classification, which could be material, may be necessary. The company is actively pursuing a range of financing and refinancing options. If the fundraising is not completed during February 2014 it is unlikely that Besra will be able to continue operations. No allowance for such circumstances has been made in these Interim Financial Statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these Interim Financial Statements for the Group in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Interim 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.

Information about significant areas of estimation uncertainty considered by management in preparing the Interim Financial Statements is described in the annual financial statements for the year ended June 30, 2013.

5. Accounting Policies, New Standards and Interpretations

The accounting policies and methods of computation are consistent with those of the annual financial statements for the year ended June 30, 2013 as described in those annual financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued. There have been no new or amended IFRS or interpretations applicable to the Group which were issued and were effective at July 1, 2013.

6. 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 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.

$	Property, plant and equipment	Deferred exploration expenditure	Deferred development expenditure	Mine properties	Other non-current assets	Total non-current assets	Current assets	Liabilities
Dec 31, 2013								
Vietnam	6,154,217	3,682,143	1,862,221	1,979,629	342,001	11,536,329	9,061,088	37,957,564
Malaysia	225,067	15,598,906	—	31,276,437	650,000	47,750,410	126,728	7,116,603
Other	196,569	—	—	—	—	196,569	441,679	40,341,755
Total	**6,575,853**	**19,281,049**	**1,862,221**	**33,256,066**	**992,001**	**59,483,308**	**9,629,495**	**85,415,922**
Jun 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**

	Three months ended				Six months ended			
	Dec 31, 2013		Dec 31, 2012		Dec 31, 2013		Dec 31, 2012	
$	Revenue	Segment income (loss) after tax	Revenue	Segment income (loss) after tax	Revenue	Segment income (loss) after tax	Revenue	Segment income (loss) after tax
Vietnam	13,791,902	(27,869,176)	21,546,213	2,239,324	34,008,811	(31,819,818)	40,715,713	3,105,199
Malaysia	—	(448,577)	—	(644,849)	—	(928,308)	—	(39,136)
Other	—	(2,426,754)	—	(6,195,080)	—	(6,068,061)	—	(11,332,620)
Total	**13,791,902**	**(30,744,507)**	**21,546,213**	**(4,600,605)**	**34,008,811**	**(38,816,187)**	**40,715,713**	**(8,266,557)**

7. Earnings Per Share

	Three months ended		Six months ended	
Three months ended	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Basic Earnings per Share Attributable to Equity Owners				
Loss for the period ($)	(26,313,536.05)	(4,532,101)	(33,703,237.05)	(8,375,380)
Weighted average number of common shares outstanding	378,781,274	378,781,186	378,824,698	378,781,186
Basic Earnings per Share Attributable to Equity Owners ($)	**(0.069)**	**(0.012)**	**(0.089)**	**(0.022)**
Diluted Earnings per Share Attributable to Equity Owners				
Net loss used to calculate diluted earnings per share ($)	(26,313,536.05)	(4,532,101)	(33,703,237.05)	(8,375,380)
Weighted average number of common shares outstanding	378,781,274	378,781,186	378,824,698	378,781,186
Dilutive effect of stock options outstanding ($)	—	118,760	—	115,468
Weighted average number of common shares outstanding used to calculate diluted earnings per share	378,781,274	378,899,946	378,824,698	378,896,654
Diluted loss per share ($)	**(0.069)**	**(0.012)**	**(0.089)**	**(0.022)**

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

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

8. Finance Expenses

	Three months ended		Six months ended	
$	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Interest on convertible notes and gold-linked loans	906,055	1,046,190	1,789,661	2,076,931
Accretion on convertible notes and gold- linked notes	1,531,154	1,422,088	2,932,686	2,913,118
Interest expense (income), net	476,445	427,527	879,412	489,858
Derivative - fair value revaluations	(259,000)	(4,290,401)	(57,850)	(4,879,065)
Foreign exchange (gain) loss, net	(774,795)	(223,775)	(676,431)	214,756
Financing costs	55,445	4,051,065	108,036	4,051,065
Gain on gold loan principal repayment	—	1,201,507		1,201,507
Total	**1,935,304**	**3,634,201**	**4,975,514**	**6,068,170**

9. Property, Plant and Equipment

$	Land & buildings	Plant & equipment	Infrastructure	Capital assets in progress	Total
Cost					
Balance at July 1, 2013	**3,522,005**	**34,734,453**	**21,436,075**	**1,453,918**	**61,146,451**
Additions	(321)	1,128,070	648,916	977,667	**2,754,332**
Disposals	(10,775)	(582,008)	(12,028)	(41,718)	**(646,529)**
Reclassifications	590,174	202,709	1,798,924	(2,591,807)	**—**
Balance at December 31, 2013	**4,101,083**	**35,483,224**	**23,871,887**	**(201,940)**	**63,254,254**
Accumulated depreciation					
Balance at July 1, 2013	**(1,928,513)**	**(18,990,629)**	**(10,964,649)**	**—**	**(31,883,791)**
Depreciation charge for the period	(153,577)	(1,620,435)	(1,051,265)	—	**(2,825,277)**
Disposals	(1,396)	549,248	2,022	—	**549,874**
Balance at December 31, 2013	**(2,083,486)**	**(20,061,816)**	**(12,013,892)**	**—**	**(34,159,194)**
Impairment provision as at July 1, 2013	**(589,065)**	**(6,669,982)**	**(4,336,120)**	**(436,224)**	**(12,031,391)**
Reclassification	**(11,560)**	**(3,110)**	**(319,254)**	**333,924**	**—**
Impairment charge	(772,815)	(5,154,220)	(4,399,210)	(189,118)	**(10,515,363)**
Utilization of provision	—	—	—	27,547	**27,547**
Impairment provision as at December 31, 2013	**(1,373,440)**	**(11,827,312)**	**(9,054,584)**	**(263,871)**	**(22,519,207)**
Net carrying amount					
Balance at July 1, 2013	1,004,427	9,073,842	6,135,306	1,017,694	**17,231,269**
Balance at December 31, 2013	**644,157**	**3,594,096**	**2,803,411**	**(465,811)**	**6,575,853**

Management has assessed indicators of impairment related to the Phuoc Son and Bong Mieu projects and its associated assets and used a discounted cash flow model to calculate the value in use. A preliminary impairment charge in the amount of $10,515,363 was recognized during the quarter ended December 31, 2013 on property, plant and equipment associated with the Bai Dat and Bai Go projects at Phuoc Son and the Nui Kem project at Bong Mieu. The assessment of an exact terminal value amount related to Phuoc Son and Bong Mieu assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charge if material will be recorded.

Plant and equipment with a carrying value of $3m and $11m, respectively, was pledged as security for two Vietnamese bank loans at December 31, 2013 (Note 18).

10. Deferred Exploration Expenditure

$	Bong Mieu	Phuoc Son	North Borneo Gold	Binh Dinh NZ Gold	Total
Cost					
Balance at July 1, 2013	3,682,143	1,870,396	14,618,741	783,774	**20,955,054**
Additions	—	—	980,165	—	**980,165**
Translation adjustment	—	—	—	(2,998)	**(2,998)**
Balance at December 31, 2013	**3,682,143**	**1,870,396**	**15,598,906**	**780,776**	**21,932,221**
Impairment provision as at July 1, 2013	**—**	**—**	**—**	**—**	**—**
Impairment charge	—	(1,870,396)	—	(780,776)	**(2,651,172)**
Impairment provision as at December 31, 2013	**—**	**(1,870,396)**	**—**	**(780,776)**	**(2,651,172)**
Net book value					
Balance at July 1, 2013	3,682,143	1,870,396	14,618,741	783,774	**20,955,054**
Balance at December 31, 2013	**3,682,143**	**—**	**15,598,906**	**—**	**19,281,049**

During the quarter ended December 31, 2013 $1,870,396 and $780,776 of exploration costs were impaired related to the area outside of current mining license at Phuoc Son and exploration costs incurred by Binh Dinh NZ Gold subsidiary in Vietnam. Management concluded that it would not actively bring those areas into production due to a decreased gold price and an unfavorable tax and regulatory regime in Vietnam.

As the Company did not yet have unencumbered access to the Capcapo property at December 31, 2013, exploration costs incurred to date in respect of this property have been expensed.

11. Deferred Development Expenditure

$	Bong Mieu	Phuoc Son	Total
Cost			
Balance at July 1, 2013	18,945,784	25,807,694	**44,753,478**
Additions	252,277	1,079,956	**1,332,233**
Balance at December 31, 2013	**19,198,061**	**26,887,650**	**46,085,711**
Accumulated amortization			
Balance at July 1, 2013	(8,312,779)	(18,296,257)	**(26,609,036)**
Amortization for the period	(693,256)	(2,031,305)	**(2,724,561)**
Balance at December 31, 2013	**(9,006,035)**	**(20,327,562)**	**(29,333,597)**
Impairment provision as at July 1, 2013	**(9,066,659)**	**(2,861,734)**	**(11,928,393)**
Impairment charge	(535,708)	(2,425,792)	**(2,961,500)**
Impairment provision as at December 31, 2013	**(9,602,367)**	**(5,287,526)**	**(14,889,893)**
Net book value			
Balance at July 1, 2013	1,566,346	4,649,703	**6,216,049**
Balance at December 31, 2013	**589,659**	**1,272,562**	**1,862,221**

Management has assessed indicators of impairment related to the Phuoc Son and Bong Mieu projects and its associated assets and used a discounted cash flow model to calculate the value in use. The preliminary impairment charge incurred during the quarter ended December 31, 2013 in the amount of $2,961,500 related to deferred development costs incurred in Vietnam. During the quarter ended December 31, 2013 $2,425,792 of deferred development costs were impaired related to the core area for the Bai Dat and Bai Go projects at Phuoc Son and $535,708 to the the area of Nui Kem project at Bong Mieu. The assessment of an exact terminal value amount related to Phuoc Son and Bong Mieu assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charges if material will be recorded.

12. Mine Properties

$	Bong Mieu	Phuoc Son	North Borneo Gold	Binh Dinh NZ Gold Co	GR Enmore	Total
Cost as at July 1, 2013	**3,538,813**	**12,578,772**	**31,276,437**	**1,333,333**	**550,000**	**49,277,355**
Additions	**138,984**	**84,283**	**—**	**—**	**—**	**223,267**
Cost as at December 31, 2013	**3,677,797**	**12,663,055**	**31,276,437**	**1,333,333**	**550,000**	**49,500,622**
Accumulated amortization as at July 1, 2013	**(2,130,468)**	**(7,334,684)**	**—**	**—**	**—**	**(9,465,152)**
Amortization for the period	(39,719)	(822,496)	—	—	—	**(862,215)**
Accumulated amortization as at December 31, 2013	**(2,170,187)**	**(8,157,180)**	**—**	**—**	**—**	**(10,327,367)**
Impairment provision as at July 1, 2013	**(91,070)**	**(2,732,102)**	**—**	**—**	**—**	**(2,823,172)**
Impairment charge	(47,362)	(1,163,322)		(1,333,333)	(550,000)	**(3,094,017)**
Impairment provision as at December 31, 2013	**(138,432)**	**(3,895,424)**	**—**	**(1,333,333)**	**(550,000)**	**(5,917,189)**
Net book value						
Balance at July 1, 2013	1,317,275	2,511,986	31,276,437	1,333,333	550,000	**36,989,031**
Balance at December 31, 2013	**1,369,178**	**610,451**	**31,276,437**	**—**	**—**	**33,256,066**

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 underground operation was closed in August 2012 due to low grade. Nui Kem has been in commercial production since 2009. Ho Ray Thac Trang is at the feasibility stage. The property contains multiple gold mineralization zones that are being explored for additional resources. Management has assessed indicators of impairment related to the Bong Mieu project and its associated assets and used a discounted cash flow model to calculate the value in use. The preliminary impairment charge incurred during the quarter ended December 31, 2013 in the amount of $47,362 related to the Nui Kem project. The assessment of an exact terminal value amount related to Bong Mieu assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charge if material will be recorded.

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. Management has assessed indicators of impairment related to the Phuoc Son project and its associated assets and used a discounted cash flow model to calculate the value in use. The preliminary impairment charge incurred during the quarter ended December 31, 2013 in the amount of $1,163,322 related to the Bai Dat and Bai Go projects at Phuoc Son. The assessment of an exact terminal value amount related to Phuoc Son assets will be finalised during the next quarter ending March 31, 2014 and an adjustment to the above impairment charge if material will be recorded.

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 during 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 100km2 of hilly terrain containing numerous hard rock and alluvial gold occurrences, within and peripheral to a large, multiphase intrusive complex of predominately felsic composition. $1,333,333 of mine property costs were impaired related to the Tien Thuan Gold property in Vietnam during the quarter ended December 31, 2013. The management concluded that it would not actively bring those areas into production due to a decreased gold price and an unfavorable tax and regulatory regime in Vietnam.

Enmore Gold Property

The GR Enmore Gold Project covers approximately 325km2 within the Enmore-Melrose Goldfield of northeastern New South Wales, Australia. Besra holds a 100% interest in one exploration license covering 158.76km2 and is earning an 80% interest in two exploration licenses covering 35.28km2. $550,000 of mine property costs were impaired related to GR Enmore in Australia during the quarter ended December 31, 2013. The management concluded that it would not actively bring the area into production due to a decreased gold price and unfavorable economic conditions of the Company.

13. Cash and Cash Equivalents

$ As at	Dec 31, 2013	Jun 30, 2013
Cash at banks and on hand	864,059	3,469,528
Restricted cash at banks	—	250,892
Short-term deposits	75,642	341,625
Total	**939,701**	**4,062,045**

14. Tax and Other Receivables

$ As at	Dec 31, 2013	Jun 30, 2013
Taxes receivable (VAT, GST, etc.)	1,882,318	1,241,484
Deposits	443,262	446,859
Other receivables	49,567	26,012
Total	**2,375,147**	**1,714,355**

15. Inventories

$ As at	Dec 31, 2013	Jun 30, 2013
Doré bars and gold bullion	591,244	5,596,937
Gold in circuit	251,588	1,764,700
Ore in stockpiles	190,566	515,066
Mine operating supplies & spares	4,406,327	4,348,149
Total	**5,439,725**	**12,224,852**

16. Provisions

$	Asset retirement obligations	Employee entitlements	Other	Total
Balance at July 1, 2013	1,865,466	678,372	311,079	**2,854,917**
Arising during the period	640,110	235,291	174,370	**1,049,771**
Adjustment to ARO	(30,071)	—	—	**(30,071)**
Accretion	63,337	—	—	**63,337**
Utilization	(36,267)	(215,825)	(307,335)	**(559,427)**
Translation adjustment	—	(7,541)	(9,764)	**(17,305)**
Balance at December 31, 2013	**2,502,575**	**690,297**	**168,350**	**3,361,222**
Current	502,143	690,297	168,350	**1,360,790**
Non-current	2,000,432	—	—	**2,000,432**
Total	**2,502,575**	**690,297**	**168,350**	**3,361,222**

Asset Retirement Obligations

In accordance with Vietnamese and Malaysian law, land must be restored to its original condition. The Group recognized $2,800,935 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 percent. 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. No provision has been calculated for Bau due to its exploration stage.

Employee Entitlements

Employee entitlements include 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 short-term incentive plan benefits.

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. Tax and Trade Payables

$ As at	Dec 31, 2013	Jun 30, 2013
Taxes and government fees payable	15,344,824	12,685,228
Trade payables	11,963,211	10,832,636
Accruals and other payables	4,001,821	3,911,426
Total	**31,309,856**	**27,429,290**

18. Interest-Bearing Loans and Borrowings

$ As at	Dec 31, 2013	Jun 30, 2013
Non-current liabilities		
Convertible notes	10,928,699	9,803,088
Gold-linked notes	17,538,702	16,645,179
Total non-current liabilities	**28,467,401**	**26,448,267**
Current liabilities		
Current portion of convertible notes	6,767,321	5,353,217
Current portion of gold-linked notes	1,069,767	206,914
Secured bank loan	6,725,034	6,775,051
Total current interest bearing loans and borrowings	**7,794,801**	**6,981,965**
Total current liabilities	**14,562,122**	**12,335,182**

					Face Value	
	Currency	Maturity	Interest Rate (%)	Number of Units	Dec 31, 2013	Jun 30, 2013
Gold-linked notes (USD)	USD	May-15	8	13,131,898	16,729,967	16,729,967
Gold-linked notes (CAD)	CAD	May-15	8	7,567,264	4,319,856	4,319,856
9% CAD Convertible notes	CAD	Mar-14	9	5,142,679	6,356,499	6,356,499
8% CAD Convertible notes	CAD	Apr-15	8	15,000,000	15,000,000	15,000,000
8% USD Convertible notes	USD	May-15	8	1,469,000	1,469,000	1,469,000
Secured bank loans	USD	Jan-Mar-14	4.5-8	6,725,034	6,725,034	6,775,051

The settlement of interest related to gold-linked and convertible notes due on November 21, 2013 of $1,808,078 was deferred.

Convertible Notes

At December 31, 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 December 31, 2013, including the affirmative and negative covenants, anti-dilution provision and other provisions that are customary for transactions of this nature.

Secured Bank Loan

In December 2012, Phuoc Son Gold Company Limited entered into a loan agreement with a Vietnamese bank for a maximum borrowing of $4,750,000, to be drawn down as required. 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 December 31, 2013 is 8 percent per annum. The bank loan is secured over all assets of the borrower (Phuoc Son Gold Company Ltd). The carrying amount of the loan was $4,750,000 as at December 31, 2013 ($5,000,000 as at June 30, 2013). The bank loan is secured over plant and equipment with a net carrying value of $11m (Note 9).

On June 21, 2013, Phuoc Son Gold Company Limited entered into a new loan agreement with a Vietnamese bank for a maximum borrowing of $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 $1,975,035 as at December 31, 2013 ($1,775,051 as at June 30, 2013). The bank loan is secured over plant and equipment with a net carrying value of $3m (Note 9).

19. Derivative Financial Liabilities

$ As at	Dec 31, 2013	Jun 30, 2013
Convertible notes - conversion option	81,000	154,850
Convertible notes vested warrants - conversion option	76,000	57,000
Gold-linked notes - gold price participation and put options	668,000	671,000
Total	**825,000**	**882,850**
Current portion (CAD 9% convertible notes)	—	—
Non-current portion	825,000	882,850
Total	**825,000**	**882,850**

Gold-Linked Note Derivatives

Gold-Linked Notes (Amended Gold Loan Notes)

The Gold Price Participation Agreement (GPPA) option and put option features of the Amended Gold Loan Notes are re-valued at each reporting date using the Binominal Lattice option pricing model. The GPPA option of the Amended Gold Loan Notes, a derivative liability of the Company, has a value of $116,000 at December 31, 2013 ($116,000 as at June 30, 2013). The put and call option components of the Amended Gold Loan Notes had no value at December 31, 2013 (both nil as at June 30, 2013).

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 GPPA option features of the amended convertible 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 USD convertible notes, a derivative liability of the Company, had a value of $422,000 and nil, respectively, at December 31, 2013 ($423,000 and nil as at June 30, 2013). The GPPA and call option components of the amended CAD convertible notes, a derivative liability of the Company, had a value of $130,000 and nil, respectively, at December 31, 2013 ($132,000 and nil as at June 30, 2013).

Inputs used when valuing the Gold-Linked Notes, put and call option components were:

	Dec 31, 2013	Jun 30, 2013
Gold price per ounce ($)	1,205	1,204
Exercise price (put options) per ounce ($)	1,750	1,750
Term to maturity (years)	1.35	1.85
Expected gold volatility (%)	20	20
Annual risk rate (%)	23	23
Risk free rate (gold rate) (%)	0.4	1.7

Convertible Note Derivatives

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 Income (Loss) and Comprehensive Income (Loss).

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 six months ended December 31, 2013 was as follows:

Common Shares	Number of Shares	Amount ($)
Balance at July 1, 2013	378,951,274	135,182,292
Shares cancelled during the period	(170,000)	(30,752)
Balance at December 31, 2013	**378,781,274**	**135,151,540**

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 percent (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 six months ended December 31, 2013.

	December 31, 2013	
CAD	Number of Options	Weighted Average Exercise Price CAD
Outstanding, beginning of the period	44,427,497	0.47
Expired	(416,667)	0.80
Outstanding, end of the period	**44,010,830**	**0.40**
Options exercisable at the end of the period	**37,100,830**	**0.39**

The following table summarizes information about the stock options outstanding as at December 31, 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	0.01	0.12	127,566	0.12
0.20 - 0.29	14,297,500	3.74	0.24	7,387,500	0.25
0.30 - 0.39	4,470,000	3.25	0.33	4,470,000	0.33
0.40 - 0.49	10,717,184	1.96	0.41	10,717,184	0.41
0.50 - 0.59	9,285,558	2.88	0.52	9,285,558	0.52
0.60 - 0.69	2,350,000	1.72	0.60	2,350,000	0.60
0.70 - 0.79	2,763,022	2.12	0.72	2,763,022	0.72
	44,010,830		**0.40**	**37,100,830**	**0.39**

During the six months ended December 31, 2013, no options were issued to directors, officers, employees and consultants of the Company.

Warrants

There has been no movement in the number of warrants of the Company during the six months ended December 31, 2013.

	Number of Options	Weighted Average Exercise Price CAD
Outstanding, at the beginning and the end of the period	**36,837,962**	**0.75**

Reserves

The changes in reserves for the six months ended December 31, 2013 was as follows:

$	Broker warrants	Foreign currency translation	Equity-based compensation reserve	Investment premium reserve	Other reserves	Total
Balance at July 1, 2013	1,418,045	(2,513,078)	15,036,349	(19,639,773)	(93,627)	**(5,792,084)**
Share-based payments	—	—	336,196	—	—	**336,196**
Balance at December 31, 2013	**1,418,045**	**(2,513,078)**	**15,372,545**	**(19,639,773)**	**(93,627)**	**(5,455,888)**

Broker Warrants

This reserve represents broker warrants associated with the 9 percent CAD Convertible Note that was issued in March 2010, the 8 percent CAD Convertible Note that was issued in April 2011 and the 8 percent 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 balance sheet translation.

Equity-Based Compensation Reserve

This reserve records movements in share-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. Share-Based Compensation

No new options were issued during the six months ended December 31, 2013.

The total share-based compensation expense recognized for stock options during the three and six-month periods ended December 31, 2013 is $136,172 and $336,196 (three and six-month periods ended December 31, 2012 - $652,358 and $1,265,539).

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 percent (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.

22. Related Party Disclosure

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

		% equity held as at	
Name	Country of Incorporation	Dec 31, 2013	Jun 30, 2013
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	85.61
Bau Mining Co Ltd	Samoa	91	91
KS Mining Ltd	Samoa	100	100

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

	Three months ended		Six months ended	
$	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Management fees and salary	510,993	612,004	1,019,060	1,375,580
Share-based compensation	88,526	460,671	227,004	865,928
Total compensation of key management	**599,519**	**1,072,675**	**1,246,064**	**2,241,508**

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:

			Number of Options Outstanding	
Issue Date	**Expiry Date**	**Exercise Price CAD$**	**Dec 31, 2013**	**Jun 30, 2013**
Jan-10	Dec-14	0.40	2,073,618	2,073,618
Jun-10	Apr-15	0.42	1,500,000	1,500,000
Jun-10	Apr-15	0.60	1,500,000	1,500,000
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	2,425,000
Total			**17,206,467**	**17,206,467**

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 ($)	
Award year	**Units**	**Dec 31, 2013**	**Jun 30, 2013**
2008	116,667	5,454	5,542
2009	120,690	5,642	5,733
Total of deferred share units outstanding	**237,357**	**11,096**	**11,275**

In 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 terms of the plan, the DSU plan will be an unfunded and unsecured plan. The DSU 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 December 31, 2013 were 237,357 units. Liabilities related to this plan are recorded in accrued liabilities and totaled $11,096 as at December 31, 2013 (as at June 30, 2013 - $11,275). The DSU plan was discontinued for new grants in 2010.

Companies Controlled by Management

Management compensation incurred on behalf of the Company was 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
Lloyd Beaumont No. 2 Trust	Paul Seton	Chief Commercial Officer

23. Commitments, Contingencies and Contractual Obligations

Balance at December 31, 2013

Payment Due ($)	Total	Less than one year	Year 2	Year 3	Year 4	Year 5 and thereafter
Operating leases	**619,099**	289,263	150,120	72,449	59,635	47,632
Purchase obligations - supplies & services	**4,354,342**	4,354,342	—	—	—	—
Purchase obligations - capital	**492,803**	492,803	—	—	—	—
Acquisition of interest in North Borneo Gold Sdn Bhd	**7,750,000**	2,750,000	4,000,000	1,000,000	—	—
Asset retirement obligations	**2,800,935**	321,899	377,854	1,481,736	619,446	—
Total	**16,017,179**	**8,208,307**	**4,527,974**	**2,554,185**	**679,081**	**47,632**

In 2010 the Company entered into an agreement with Gladioli Enterprises SDN BHD, 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 of $7,750,000 in total. The Tranche 4a which was due on December 2, 2013 and unpaid at December 31, 2013 amounted to $950,000.

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 $300,000 upon the signing of the joint venture agreement, is required to pay a further $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 $2,000,000 payment and the issuance of 2,000,000 common shares of the Company or common shares having a market value of $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 $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. No provision has been recognized in the consolidated financial statements as at December 31, 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.

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 & Corporate Secretary

Corporate Information

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OTCQX : BSRAF
Inquiries relating to shareholdings should be directed to the Transfer Agent

Transfer Agent

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