BESRA GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 30 JUNE 2017 & 30 JUNE 2018

(In United States Dollars)

BESRA GOLD INC.

Statement of Management's Responsibility

The accompanying consolidated financial statements of Besra Gold Inc. (the "Company") for the years ended 30 June 2018 and 30 June 2017 are the responsibility of management and have been approved and authorized for issue by the Board of Directors of Besra Gold Inc.

These consolidated financial statements have been prepared by management in conformity with International Financial Reporting Standards and include amounts that are based on best estimates and judgments.

The management of the Company and of its subsidiaries, in furtherance of the integrity and objectivity of the data in the consolidated financial statements, has developed and maintains internal control systems. Management believes that these internal control systems provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of the consolidated financial statements and that assets are properly accounted for and safeguarded, and that the preparation and presentation of other financial information are consistent with the consolidated financial statements. The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Audit Committee meets with the Company's management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and formulates the appropriate recommendations to the Board of Directors. The auditor appointed by the shareholders has full access to the Audit Committee, with or without management being present.

These consolidated financial statements have been audited by the auditor appointed by the shareholders and its report is presented hereafter.

Signed:

John A G Seton
Chief Executive Officer
Date: 31 August 2018

Signed:

John Glen
Chief Financial Officer
Date: 31 August 2018

Independent Auditor's Report

Grant Thornton New Zealand Audit Partnership

L4, Grant Thornton House
152 Fanshawe Street
P O Box 1961
Auckland 1140
P +64 (0)9 308 2570
F +64 (0)9 309 4892
www.granthornton.co.nz

To the Shareholders of Besra Gold Inc.,

We have audited the accompanying consolidated financial statements of Besra Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at 30 June 2018 and 30 June 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 June 2018 and 30 June 2017, and a summary of significant accounting policies and other explanatory information on pages 5 to 29.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2018 and 30 June 2017, and its financial performance and its cash flows for the years ended 30 June 2018 and 30 June 2017 in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Company incurred a net income of $3.0m during the year ended 30 June 2018 and, as of that date, the Company's total liabilities exceeded its total assets by $4.9m. Further the Company is dependent on its ability to have the cease trading order lifted by the Ontario Securities Commission and raise sufficient cash through the issuance of further share capital. These events or conditions, along with other matters as set forth in Note 3, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

Brayden Smith
Partner
Auckland, New Zealand
31 August 2018

BESRA GOLD INC.

Consolidated Statement of Financial Position

in USD	Notes(s)	As at 30 June 2018	As at 30 June 2017
ASSETS			
Current			
Cash and cash equivalents		73,003	752,432
Tax and other receivables		62,857	110,076
Prepaid expenses		7,529	23,468
Derivative asset	7	2,736,987	398,253
		2,880,376	**1,284,229**
Non-current			
Property plant and equipment		69,243	89,022
Exploration & evaluation	4	50,771,582	50,073,012
		50,840,825	**50,162,034**
TOTAL ASSETS		**53,721,201**	**51,446,263**
LIABILITIES			
Current			
Trade and other payables	5	2,687,850	1,738,955
Derivative liability	7	-	2,429,037
Convertible note	6	10,319,738	9,805,753
		13,007,588	**13,973,745**
Non-current			
Interest-bearing loans and borrowings	6	38,271,202	37,687,602
Derivative liability	7	-	85,749
Deferred tax liabilities	8	7,338,227	7,604,197
		45,609,429	**45,377,548**
TOTAL LIABILITIES		**58,617,017**	**59,351,293**
EQUITY			
Issued capital	9	141,517,358	141,517,358
Reserves	9	(20,563,257)	(20,563,257)
Accumulated losses		(128,088,573)	(131,075,546)
		(7,134,472)	(10,121,445)
Non-controlling interest		2,238,656	2,216,415
TOTAL EQUITY		**(4,895,816)**	**(7,905,030)**
TOTAL LIABILITIES AND EQUITY		**53,721,201**	**51,446,263**

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

BESRA GOLD INC.

Consolidated Statement of Profit and Comprehensive Income

in USD	Notes(s)	Year Ended 30 June 2018	Year Ended 30 June 2017
Revenue		-	-
Corporate and administrative expense		1,216,696	1,991,866
Exploration expense		3,379	5,322
Depreciation and amortization		19,779	52,104
Derivative fair value revaluation		(4,819,525)	3,068,506
Finance charges	10	836,427	1,491,573
(Gain) on corporate restructure	11	-	(9,156,757)
INCOME BEFORE INCOME TAX		**2,743,244**	**2,547,386**
Income tax expense (recovery)	8	(265,970)	212,468
NET INCOME FOR THE YEAR		**3,009,214**	**2,334,918**
COMPREHENSIVE INCOME FOR THE YEAR		**3,009,214**	**2,334,918**
Total comprehensive income for the year attributable to:			
Shareholders of the parent		2,986,973	2,368,778
Non-controlling interests		22,241	(33,860)
Basic earnings per share	12	0.002	0.002
Diluted earnings per share	12	0.001	0.001

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

BESRA GOLD INC.

Consolidated Statement of Cash Flows

in USD	Notes(s)	Year Ended 30 June 2018	Year Ended 30 June 2017
OPERATING ACTIVITES			
Total comprehensive income for the year		3,009,214	2,334,918
Items not affecting Cash			
Depreciation & amortization		19,779	52,104
Deferred income tax	8	(265,970)	212,468
Interest on loans		1,784,373	802,402
Gain on modification of note		(82,795)	(105,259)
Unrealised foreign exchange		(863,376)	(152,801)
Derivative revaluation		(4,819,525)	3,068,506
Gain on corporate restructure	11	-	(9,156,757)
Changes in non-cash working capital balances			
Other receivables		47,219	(48,512)
Trade and other payables		712,197	99,514
Cash used in operating activities		**(458,884)**	**(2,893,417)**
INVESTING ACTIVITIES			
Exploration and evaluation costs		(359,826)	(1,168,796)
Acquisition of property, plant and equipment		-	(82,782)
Investment in subsidiary		-	(376,421)
Cash used in investing activities		**(359,826)**	**(1,627,999)**
FINANCING ACTIVITIES			
Convertible notes issued		-	5,298,752
Proceeds from financing loan		142,659	-
Cash provided by financing activities		**142,659**	**5,298,752**
Net change in cash and cash equivalents		(679,429)	750,407
Cash - beginning of the year		**752,432**	**2,025**
Effect of foreign exchange rate changes on cash		(3,378)	(26,929)
Cash – end of the year		**73,003**	**752,432**

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

BESRA GOLD INC.

Consolidated Statement of Changes in Equity

in USD	Issued Capital	Reserves	Accumulated Losses	Non-Controlling Interest	Total Equity
Balance at 1 July 2017	**141,517,358**	**(20,563,257)**	**(131,075,546)**	**2,216,415**	**(7,905,030)**
Profit for the year			2,986,973	22,241	3,009,214
Total comprehensive income	-	-	2,986,973	22,241	3,009,214
Balance at 30 June 2018	**141,517,358**	**(20,563,257)**	**(128,088,573)**	**2,238,656**	**(4,895,816)**
Balance at 1 July 2016	**135,151,342**	**(20,293,626)**	**(133,444,324)**	**2,357,065**	**(16,229,543)**
Issue of share capital	6,366,016	-	-	-	6,366,016
Investment in subsidiary	-	(269,631)	-	(106,790)	(376,421)
Profit for the year	-	-	2,368,778	(33,860)	2,334,918
Total comprehensive income	-	-	2,368,778	(33,860)	2,334,918
Balance at 30 June 2017	**141,517,358**	**(20,563,257)**	**(131,075,546)**	**2,216,415**	**(7,905,030)**

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

1. Background and Nature of Business

During the annual financial reporting periods from 1 July 2014 to the year ended 30 June 2017, Besra Gold Inc's ("Besra") business consisted of mining projects in Vietnam (Bong Mieu and Phuoc Son). In addition, the Company had a feasibility stage project in East Malaysia (the Bau Gold Project) and other early stage exploration properties including the Capcapo Project in the Philippines.

Over the annual reporting period to the year ended 30 June 2016, the Vietnamese assets failed to deliver on operational and financial parameters, largely due to the ramifications of a wrongful export tax claim by the Vietnamese General Department of Customs which in time was proven to be without merit and rescinded. The coercive consequences of the tax claim, combined with adverse changes to the tax and royalty regimes and ongoing coercive operational restrictions by Vietnamese tax authorities, resulted in serious production and subsequent cash-flow disruption. The effort to maintain cash-flow despite these significant restrictions led to:

- The under-performance of the Vietnamese ore bodies against their respective original geological model estimates and reserve grade estimates due to enforced sub-optimal mining of higher grade areas of deposits;
- Extended delinquency in meeting creditor and regulator payment obligations; and
- In December 2014, January and March 2015 Cease Trade Orders ("CTO") were imposed by the Ontario Securities Commission ("OSC"), Alberta Securities Commission, British Columbia Securities Commission and the Autorité des Marchés financiers for failing to meet filing obligations.

Following this and with insufficient working capital and funding to sustain operations the Company commenced corporate restructuring proceedings under Canadian law, with the lodgement of a Notice of Intent ("NOI") to submit a proposal to Creditors ("Creditors Proposal") under the Bankruptcy and Insolvency Act ("BIA") on 19 October 2015. In May 2016, the Company agreed terms to complete an investment in the Company of C$10,000,000 by way of securities converting, upon maturity (or earlier), into shares of Besra Gold Inc common stock ("Exit Financing").

A condition of the exit financing required the Company to sell, transfer or otherwise dispose of its interests in the Vietnamese Projects.

On 30 June 2017, following approval by shareholders at a meeting held on 23rd May 2017, the Company completed the divestment of its interests in two Vietnamese assets (Bong Mieu and Phuoc Son) which by 30 June 2016 were no longer operating and had been fully impaired by the Group.

In addition, the Company terminated its interests in several early-stage exploration projects including the Capcapo Project during the period from 1 July 2014 to 30 June 2016. This was completed on 30 June 2017.

During the financial year ended 30 June 2018, the business of Besra Gold Inc. and subsidiaries (Besra) consisted of a sole feasibility stage project in East Malaysia, being the Bau Gold Project ('Bau').

The 30 June 2018 financial statements for Besra Gold Inc. are the consolidated operations of Besra Gold Inc. after completion of the corporate restructuring and the Exit Financing dealt with in more detail below in Note 11.

2. General Information & Statement of Compliance

Besra Gold Inc is the ultimate parent company, and it is a limited liability company incorporated in Canada. Its registered office is 4-158 240 Richmond St West, Ontario, Canada and principal place of business is located at Level 1, 63 Fort St, Auckland, New Zealand.

Besra Gold Inc's shares on the Toronto Stock Exchange are currently delisted pending the rectification of the filings and lodgements required by the Ontario Securities Commission and other regulators and acceptance by the exchanges of the Company's re-listing application.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as at and for the year ended 30 June 2018, and it includes amounts for the annual 2017 comparative period.

The consolidated financial statements for the year ended 30 June 2018 including comparatives were approved and authorized for issue by the board of directors on 31 August 2018 (see note 20).

The accounting policies as set out below have been applied in preparing these consolidated financial statements throughout all periods presented.

3. Basis of Preparation & Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of Besra have been prepared on an accrual basis and are based on historical costs, except for derivative financial instruments that are measured at fair value. The financial statements are presented in United States dollars (USD) which is also the functional currency of Besra Gold Inc. and its subsidiaries and are rounded to the nearest dollar unless otherwise stated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Besra Gold Inc. ('the Company") and the material entities (the "Subsidiaries") it controls (collectively "The Group") as listed below:

Company Name	Jurisdiction	Ownership % 30 June 2018	Ownership % 30 June 2017
Besra NZ Limited (formerly OYM NZ Limited)	New Zealand	100	100
North Borneo Gold Sdn Bhd	Malaysia	87.06	87.06
Bau Mining Co Ltd	Samoa	91	91
Besra Labuan Ltd (formerly Olympus Pacific Minerals Labuan Limited)	Malaysia	100	100

Going Concern

The consolidated financial statements were prepared on a going concern basis which anticipates the Company and the entities it controls will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

During the year ended 30 June 2018, the Group made a profit of $3,009,214 (30 June 2017: a profit of $2,334,918). As at 30 June 2018, the Company's current liabilities exceeded its current assets by $10,127,212 (at 30 June 2017: $12,689,516) and total liabilities exceed total assets by $4,895,816 (at 30 June 2017: $7,905,030). Cash and cash equivalents on hand at 30 June 2018 is $73,003 (30 June 2017: $752,432).

The Group is subject to the CTOs as it has not complied with its respective filings and lodgements with the Ontario Securities Commission and other regulators.

Adoption of the going concern basis for the consolidated 30 June 2018 financial statements was assessed using a cashflow forecast. The forecast includes:

- Rectifying the filings and lodgements with the Ontario Securities Commission and other regulators as applicable to bring the Group up to date with Financial Statement compliance; and
- The Group securing further working capital funding.

The dependency on the forecasted events and cash flows creates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern. Notwithstanding this dependency on having the CTO lifted and raising additional capital the Directors are confident the Group remains a going concern and are confident of being able to raise further share capital from the proposed re-listing process.

Accordingly, the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date of approving these consolidated financial statements for issue.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the respective go-forward entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Exploration and Evaluation Expenditure

Exploration and evaluation assets include the costs of acquiring rights and licences, costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase.

The Group follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and charging all revenue received until production is achieved against the cost of related claims.

Costs incurred before Besra has obtained the legal rights to explore an area are recognized in the Consolidated Statements of Profit and Comprehensive Income.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment when indicators exist.

The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on sale of the respective areas of interest, or alternatively successful development and commercial exploitation.

Where a decision has been made to develop an exploration and evaluation asset or assets into a mining operation, the accumulated exploration and evaluations costs for the project would be reclassified as mining properties. Mining properties would be tested for impairment and the accumulated costs, subject to any impairment or revaluation, would then be amortised over the proven and probable reserves, or measured and indicated resources where the criteria to establish proven and probable reserves have not been met.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation, using the straight-line method and any allowance for impairment in value.

Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in equipment if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively. The expected useful lives are as follows:

- Computer and software – 3 years;
- Furniture and Fixtures - 5 to 10 years;
- Plant and Equipment – 5 to 10 years.

The finite lives of assets are determined individually with reference to the expected useful lives above.

Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the asset and is disclosed as a profit or loss on disposal in the Consolidated Statements of Comprehensive Profit.

Impairment of Non-Financial Assets

Besra reviews and evaluates its non-current assets for indicators of impairment on an annual basis.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units ("CGUs")). The Group's CGUs are its individual exploration properties.

At the end of each reporting period, the Group reviews and evaluates its exploration property, the Bau gold project, at the CGU level to determine whether the carrying amount of the asset exceeds their recoverable amounts. If any such indication exists, the excess is fully provided for, in the financial period of determination.

The recoverable amount of an exploration property is the greater of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD is estimated as the recoverable amount resulting from the sale of an asset or CGU, less the costs of disposal.

The VIU is estimated as the discounted future pre-tax cash flows expected to be derived from an exploration property.

Impairment losses are recognized as operating expenses in the period they are incurred. When an impairment loss reverses in a subsequent period, the carrying amount of the related asset is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously.

Reversals of impairment losses are recognized in profit or loss in the period the reversals occur.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when Besra becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The Group's financial assets are classified as loans and receivables except for derivative instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. Besra's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

All loans and receivables are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The criteria to determine impairment is described below.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed on a collective basis by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

All derivative financial instruments are accounted for at Fair Value Through Profit or Loss ("FVTPL"). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance charges.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

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

Gains and losses on de-recognition are recognized within the Consolidated Statements of Profit and Comprehensive Income.

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

Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within a three-level hierarchy, based on observability of significant inputs, as follows:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: Unobservable inputs for the asset or liability. Inputs into the determination of the fair value require management judgment or estimation.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes to valuation methods may result in transfers into or out of an investment's assigned level.

Employee Entitlements

Provisions are recognized for short-term employee entitlements, on an undiscounted basis, for services rendered by employees that remain unpaid at the date of the Consolidated Statement of Financial Position.

Provisions

Provisions are recognized when Besra has a present obligation (legal or constructive), because of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs in the Consolidated Statement of Profit and Comprehensive Income.

Current tax

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

Deferred tax

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

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

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

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

Ordinary Share Capital

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

Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury method of calculating the weighted average number of common shares outstanding, except the if-converted method is used in assessing the dilution impact of convertible notes. The treasury method assumes that outstanding warrants with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period. The if-converted method assumes that all convertible notes have been converted in determining diluted earnings per share if they are in-the-money except where such conversion would be anti-dilutive.

Significant Judgements, Estimates & Assumptions

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if it affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, and provisions for restoration and environmental obligations.

The most significant judgements, estimates and assumptions in applying the preparing these consolidated financial statements include:

- The assessment of the Group's ability to continue as a going concern and whether there are events or conditions that may give rise to material uncertainty.
- Determination of functional currency of entities within the Group. Determining the appropriate functional currencies for each entity in the Group requires analysis of various factors, including the currencies and country-specific factors that mainly influence sales prices, and the currencies that mainly influence financing, labour, materials, and other costs of providing goods or services.
- Assessment of whether exploration and evaluation intangible asset is impaired. The future recoverability of the exploration and evaluation asset is dependent on a number of key factors such as gold price and determination of reserves. As the Group is only in the exploration phase of operations the Company has used the fair value method to test the exploration and evaluation asset for impairment. Fair value is estimated based on an associated enterprise value per resource ounce multiple methodology. This method relies on estimated quantities of minerals and relevant comparable companies.
- Fair value determination of derivative instruments. Certain financial instruments are recorded in the Consolidated Statement of Financial Position at values that are representative of, or approximate their fair value. The fair value of derivatives requires application of the most

appropriate valuation model which is dependent on the terms and conditions of the instrument. The Group applied a binomial lattice model to measure the fair value of the derivatives issued at inception of the notes as well as at year end. The binomial lattice trees are constructed using a methodology that assigns up and downward movement factors and probabilities based on rates of return, volatility, and time. The fair value methodology adopted is categorised as Level 2 in the fair value hierarchy.

4. Exploration & Evaluation

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Opening Balance	50,073,012	48,904,216
Additions	698,570	1,168,796
Closing Balance	**50,771,582**	**50,073,012**

The exploration and evaluation asset is entirely comprised of the Bau gold project, a brown-field project, spread over a large geographic area.

The Company is in a consortium with a Malaysian company with Bumiputra interests that owns rights to consolidated mining tenements covering much of the historic Bau Goldfield in Sarawak, East Malaysia.

A revised acquisition agreement was renegotiated in November 2016 with regard to Bau in conjunction with the completion of the Creditors' Proposal.

The Bau Gold Project comprises consolidated mining and exploration tenements that collectively cover more than 1,340km^2. A feasibility study for Stage 1 of the Bau Gold Project in East Malaysia was completed in the financial year ended 30 June 2014.

A potential impairment occasioned by the potential revocation of four MLs to facilitate the establishment of the Dered Krian National Park ("Park") has a near-term adverse impact upon the Bau project, however the bulk of the resources and reserve reduction remain external to the Park, so much of these potential reductions will be preserved under an excision proposal or new tenement applications if required.

Management concluded given the resources covered by the excision proposal/new applications and the impairment testing undertaken that it was not necessary for the Group to impair the carrying value of Bau for the year ended 30 June 2018.

5. Trade & Other Payables

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Trade payables	1,898,369	903,406
Taxes and government fees	38,699	27,436
Accruals and other payables	750,782	808,113
Total	**2,687,850**	**1,738,955**

6. Convertible Notes, Interest Bearing Loans & Borrowings

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Current Liabilities		
Convertible notes (secured)	1,934,725	1,747,604
Exit financing note (secured)	8,385,013	8,058,149
Total	**10,319,738**	**9,805,753**
Non-Current Liabilities		
Interest bearing loans (unsecured)*	37,678,284	37,161,453
Other non-current indebtedness (unsecured)	592,918	526,149
Total	**38,271,202**	**37,687,602**

* Subject to early redemption discount detailed below.

Convertible Notes (Secured)

The Convertible Note ("InCoR Note") was issued to InCoR Limited ("InCoR") pursuant to a partial revocation of the Cease Trade Order ("CTO") granted by the Ontario Stock exchange on 15 March 2015, with drawdowns under this note facility commencing in September 2014 and continuing until April 2015, when the balance of the note reached CAD $2,000,000. The InCoR Note had a two-year term (to March 2017). The two-year interest coupon (at 6% per annum) on the InCoR Note was prepaid by the Company from the proceeds received from the Note. The InCoR note is convertible into Common Shares in the Company at a price of CAD $0.01 per Common Share at the option of the holder or will convert in full into CAD $0.01 equity when the CTO lifts. Warrants associated with the note (1/3 warrant coverage, with 5-year terms at a strike price of CAD $0.02) are only issued once the note converts, and common shares are issued to the holder.

A further advance of CAD $100,000 was made in January 2018 on which date the interest rate under the InCoR note increased to 12%. All other terms under the InCoR Note remain unchanged.

The obligations under the InCoR Note are secured by joint and several guarantees by subsidiaries of the Company and a pledge to it of the shares held by those subsidiaries in North Borneo Gold (the project company operating the Bau Gold Project). These securities were subordinated to the securities held by Pangaea Holdings Limited ("Pangaea") pursuant to the Exit Financing.

The InCoR Note is denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares underlying the conversion feature is denominated in Canadian dollars and is not denominated in the Company's functional currency, the contractual obligations arising from the conversion feature meet the definitions of a derivative under IFRS.

The debt component of the InCoR Note has been established after accounting for the fair value of the derivative conversion option as at the date of issuance of the Note in March 2015.

The initial recognition of the derivative and liability were ($653,450) and $2,159,134 respectively. The effective interest rate of the liability at 30 June 2018 is 10.5% (30 June 2017 5.41%).

Exit Financing Note (Secured)

Pangaea Holdings Limited ("Pangaea") subscribed C$10 million to the Company in November 2016, pursuant to a partial revocation of the Cease Trade Order ("CTO"), granted by the OSC on 16 November 2016.

Pursuant to a Securities Purchase Agreement between Pangaea and the Company, Pangaea was issued a secured convertible note ("Convertible Note") convertible at a price of CAD0.01 into one common share (each a "Common Share" and, collectively, the "Common Shares") of the Company and one-third of a warrant to purchase Common Shares of the Company, each whole warrant entitling Pangaea to purchase one Common Share at an exercise price of CAD0.02 for a term of five years from the date of issuance.

The Convertible Note matures on 17 November 2021, unless earlier converted in accordance with its terms. The Convertible Note is convertible at the option of Pangaea or converts automatically upon the earlier of the maturity date or the date of listing of the Common Shares on one or more specified stock exchanges. Interest on the Convertible Note is at the rate of 5% per annum payable annually in cash or in Common Shares at a rate of CAD0.01 per Common Share. As a condition of Pangaea consenting to further InCoR advances the interest rate under the Convertible Note increased to 12% from January 2018.

The obligations of the Company under the Convertible Note are secured by a general security agreement over the Company's assets and by share pledge arrangements. As noted above InCoR subordinated its security interests to those of Pangaea.

Pangaea was also issued warrants to purchase 333,333,333 Common Shares at an exercise price of CAD0.02 for a term of five years from the date of issuance.

In order to vest Pangaea with voting control of the Company pending conversion of the Convertible Note, Pangaea was issued Common Shares representing 50.1% of the voting rights of Besra's issued and outstanding Common Shares. Such Common Shares have been deposited with an escrow agent pursuant to a common share escrow agreement which provides Pangaea with the voting rights in respect of such shares but not economic or other rights in respect thereof. Further, as Common Shares are issued to Pangaea, whether by conversion of the Convertible Note or otherwise, Common Shares subject to this escrow arrangement will be redeemed for a nominal amount such that the escrowed Common Shares will not cause Pangaea's voting rights to exceed 50.1%. All remaining Common Shares subject to such escrow arrangement will be redeemed for a nominal sum upon conversion or repayment of the Convertible Note in its entirety.

The Convertible Note is denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares underlying the conversion feature is denominated in Canadian dollars and is not denominated in the Company's functional currency, the contractual obligations arising from the conversion feature meet the definitions of a derivative under IFRS.

The debt component of the Convertible Note has been established after accounting for the fair value of the derivative conversion option as at the date of issuance of the Note in November 2016.

Effective 19th January 2018, the interest rate applicable to the Exit Financing increased to 12% after the lender consented to the additional advance under the InCoR Note.

There are two ongoing breaches of the conditions subsequent under the Note:

- Revocation of the CTOs due 17 March 2017; and
- Licence over the Bau project to be transferred to one holding company and charged to Pangaea.

Pangaea maintains that such breaches constitute Events of Default ('EODs") under the Note entitling Pangaea to exercise it remedies at law and under the Note.

The lender has advised they do not intend to act on the EODs.

The initial recognition of the derivative and liability were ($147,922) and $7,676,342 respectively. The effective interest rate of the liability at 30 June 2018 is 9.87% (30 June 2017 4.16%).

Interest Bearing Loans (Unsecured)

The Creditors Notes ("New Notes") are unsecured with the following material terms:

(i) each New Note shall be issued at the New Note Value;

(ii) each New Note shall have a term of four (4) years to November 2020;

(iii) each New Note shall bear interest at a rate of three percent (3%) per annum, calculated and payable on maturity;

(iv) each New Note shall be redeemable, at the Company's option, as follows:

a. within 12 months of issuance, at 40% of the Adjusted New Note Value including accrued interest;

b. between months 13 to 24 (inclusive), at 50% of the Adjusted New Note Value, including accrued interest;

c. between months 25 to 36 (inclusive), at 60% of the Adjusted New Note Value, including accrued interest;

d. between months 37 to 42 (inclusive), at 80% of the Adjusted New Note Value, including accrued interest; and

e. between months 43 to 48 (inclusive), at 100% of the Adjusted New Note Value, including accrued interest; and

to the extent it has not been wholly redeemed, each New Note shall be convertible at the New Note Value or any part thereof outstanding, at the noteholder's option on a semi-annual basis, into common shares of the Company at the conversion price of C$0.085 per share (only full shares will be issued; no fractional shares will be issued).

The New Notes are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares underlying the conversion feature is denominated in Canadian dollars and is not denominated in the Company's functional currency, the contractual obligations arising from the conversion feature meet the definitions of a derivative under IFRS.

The debt component of the New Notes has been established after accounting for the fair value of the derivative conversion option as at the date of issuance of the Note in November 2016.

The initial recognition of the derivative and liability were $12,959 and $35,671,751 respectively. The effective interest rate of the liability at 30 June 2018 is 2.88% (30 June 2017 2.88%)

Other Non-current Indebtedness (Unsecured)

North Borneo Gold Debt Notes ("NBG Debt Notes") valued at 386,414 in 2018 (2017: 386,414), have a term of four (4) years to November 2020, bear interest of three percent (3%) per annum, calculated and payable on maturity. The remaining amount of other non-current indebtedness is due and payable on the occurrence of future events, predominantly the lifting of the CTO and the future raising of gross funds of CAD$5m.

7. Derivative Assets and Liabilities

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Current Asset:		
InCor Note conversion option	666,217	398,253
Pangaea Exit Finance Note Conversion Option	2,070,770	-
Total Derivative Assets	**2,736,987**	**398,253**
Current Liability		
Pangaea Exit Finance Note Conversion Option	-	2,429,037
Non-current Liabilities		
Creditors Notes Conversion Option	-	85,749
Total Derivative Liabilities	**-**	**2,514,786**

The fair value of the InCor Note derivative (the conversion option) is significantly out-of-the-money so is an asset when calculated "as if converted" on the share prices at both 30 June 2017 and 30 June 2018. For the Pangaea note the derivative fair value is sensitive to price movements of the Company's shares as the share price approaches the conversion price. The fair value of the Pangaea derivative moves from a liability to an asset in the 30 June 2018 year as the share price decreased to USD$0.0027 from a share price of USD$0.0046 at 30 June 2017. The decrease in share price between 30 June 2017 and 30 June 2018 and the time to maturity results in the value of the Pangaea derivative also being reported as an asset at 30 June 2018.

8. Income Tax

The significant components of income tax expense were:

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Profit (Loss) before income tax	2,743,244	2,547,386
Expected tax charge at 28%	768,108	713,268
Non-deductible/assessable items	(1,604,245)	(1,641,078)
Benefit of current year loss not recognized	570,167	1,140,278
Actual tax expense (recovery)	**(265,970)**	**212,468**
Tax expense comprises:		
Current tax:		
Based on taxable income for the current year	-	-
Deferred tax:		
Origination and reversal of temporary differences	(265,970)	212,468
Total tax expense	**(265,970)**	**212,468**

Unrecognized Tax Losses/Unrecognised Deductible Temporary Differences

The Group has unrecognized deferred tax assets in relation to tax losses that are available to carry forward against future taxable income of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in entities for which it is not probable that there will be taxable profits in the future. The tax losses for Canada are $62,993,466 which will expire twenty years after the loss was incurred.

Deferred Tax

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

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Deferred Tax Liabilities		
Exploration & Evaluation Properties	7,338,227	7,604,197
Total Deferred Tax Liabilities	**7,339,292**	**7,604,197**
Deferred Tax Expense		
Exploration & Evaluation Properties	(265,970)	212,468
Total Deferred Tax Expense	**(265,970)**	**212,468**

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

9. Issued Capital & 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.

in USD	Number of Common Shares	Amount
Balance 30 June 2016	378,781,275	135,151,342
Shares issued	826,111,623	6,366,016
Balance 30 June 2017	1,204,892,898	141,517,358
Shares Issued	-	-
Balance 30 June 2018	**1,204,892,898**	**141,517,358**

Reserves

in USD	Investment premium reserve	Total
Balance at 30 June 2017	(20,563,257)	(20,563,257)
Movement	-	-
Balance at 30 June 2018	**(20,563,257)**	**(20,563,257)**

Investment Premium Reserve

This reserve represents the premium paid on acquisition of a greater equity interest in North Borneo Gold Sdn Bhd ("NBG"). The premium arose due to the fair value adjustment of the carrying value of the interest in NBG acquired through the Group's merger with Zedex Minerals in fiscal 2010.

10. Finance Charges

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Interest on borrowings and notes	1,784,198	1,067,307
(Gain) on modification of note	(82,795)	(105,259)
Capital restructure and financing costs	-	534,551
Foreign exchange (gain), net	(864,976)	(5,026)
Total finance charges	**836,427**	**1,491,573**

11. Gain on Financial Restructuring

The Group completed a planned financial restructuring in the year to 30 June 2017.

In completing the restructuring, an accounting profit or gain was generated by the Group on the extinguishment of debts at a discount and by the issuance of common shares and warrants to the debt holders.

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Total debts extinguished	-	53,249,399
Consideration provided to debt holders:		
Cash payments to creditors	-	(1,305,614)

Debt notes issued to creditors	-	(36,494,297)
Common shares issued to creditors	-	(6,366,016)
Foreign exchange loss realised	-	73,285
Net accounting gain on re-structure	-	**9,156,757**

Debt notes issued to creditors

This is the principal value of the Debt Notes issued to Creditors as of 17 November 2016. The carrying value of these liabilities as at 30 June 2017 (as set out in Note 6 above) is inclusive of accrued interest, and therefore does not correspond with the value shown in the table above.

12. Earnings Per Share

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Basic earnings per share attributable to Equity Owners:		
Profit (Loss) for the period	2,986,973	2,368,778
Weighted average number of common shares outstanding	1,204,892,898	1,204,892,898
Basic Earnings per share	**0.002**	**0.002**
Diluted earnings per share attributable to Equity Owners:		
Dilutive effect of shares held in escrow	1,412,806,900	870,908,363
Dilutive effect of share warrants outstanding	333,333,333	205,479,452
Weighted average number of common shares outstanding	2,951,033,131	2,281,280,173
Diluted earnings per share	**0.001**	**0.001**

Basic earnings per share is calculated by dividing the net profit for each reporting 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 earnings per share adjusted for the potential dilution if shares held in escrow are transferred and warrants are exercised. The increase in the number of shares from conversion of convertible debt is anti-dilutive as they would decrease the earnings per share attributable to equity owners.

13. Related Party Disclosure

Related Parties of the Group are Pangaea as the Ultimate Parent, Key Management Personnel and InCor as the entity has Common Directors who are deemed to have a significant influence over the Group. The following Related Party amounts are recognized in the consolidated financial statements of the Group:

Ultimate Parent

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Convertible note	8,385,013	8,058,149
Derivative	(2,070,770)	2,429,037
Interest	546,631	197,278

Key Management

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Management fees and salary expense	391,012	403,130
Termination benefits expense	-	96,324
Management fees payable	292,968	23,355

Entities with Common Directors Who Have Significant Influence

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Consultancy fees expense	141,950	90,227
Convertible note	1,934,725	1,747,604
Interest-bearing loan	40,701	-
Derivative	(666,217)	(398,253)
Interest	141,722	(32,060)
Consultancy fees payable	130,516	11,559

14. Commitments, Contingencies and Contractual Obligations

Contractual Commitments: Acquisition of Interest in NBG

In 2010 the Company entered into an agreement with Gladioli Enterprises Sdn Bhd ("Gladioli"), as amended on May 20, 2011 and January 20, 2012 and amended and restated on May 12, 2013, to acquire additional interests in North Borneo Gold Sdn Bhd ("NBG") to take the Company's equity-adjusted interest to 93.55% by September 2015, subject to payments totalling $35,000,000 to be made in several tranches. As at November 2016, $7,600,000 remained outstanding.

In November 2016 the Company entered into an amended acquisition agreement with Gladioli, with the terms summarised as follows:

Further payments will be made as follows to Gladioli:

a) with respect to the Tranche Four B Shares, CAD$500,000 was paid on 30 June 2017;

b) CAD$750,000 less an amount equal to MYR111,150 retained by the Company in repayment of a Gladioli loan upon lifting of the CTO;

c) with respect to the Tranche Four C Shares, CAD$1,250,000 on the tenth Business Day following a Qualified Financing (defined as " means an issuance from treasury of common shares of Besra at a price per share of not less than CAD$0.02 and resulting in gross proceeds to Besra of at least CAD$5,000,000) provided that if there is no Qualified Financing prior to the settlement of the Tranche Four C Shares, then the settlement date for the Tranche Four C Shares shall be the same date as the settlement date for the Tranche Four D Shares; and

d) with respect to the Tranche Four D Shares, CAD$3,500,000, plus common shares of Besra at a price per common share equal to the Listing Price having an aggregate value of CAD$2,000,000 on the tenth Business Day after the date of the Relisting.

The balance of commitments in respect of the acquisition of a further interest in North Borneo Gold Sdn Bhd (NBG) at 30 June 2018 are payments totalling $4,212,439 and shares to a value of $1,541,200.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur.

The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Contingencies - Legal Actions

In the normal course of business, the Group may be subject to legal claims. Provisions are recorded where claims are likely and estimable, and at 30 June 2018 and 30 June 2017, no provisions have been recorded nor are any legal actions outstanding.

15. Financial Instruments & Risk Management

Risk Management

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

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

The Group holds convertible note liabilities which attract fixed rate interest. There is no further risk of the interest rate increasing for these convertible notes as the rates are fixed.

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

Liquidity Risk

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

During the year ended 30 June 2018, the Group was dependent on the ongoing support of its financiers, referred to in Note 1 above.

The tables below summarize the maturity profile of the Group's derivatives and financial liabilities based on contractual undiscounted payments and including estimated interest.

As at June 30, 2018:

in USD	Within 1 Year	1-5 Years
Convertible notes	1,983,647	51,843,442
Other borrowings	206,504	391,051
Trade and other payables	2,687,850	-
	4,878,001	52,234,493
Financial Derivatives	(666,217)	(2,070,770)
	4,211,784	50,163,723

As at June 30, 2017:

in USD	Within 1 Year	1-5 Years
Convertible notes	1,818,088	50,541,728
Other borrowings	-	530,786
Trade and other payables	1,738,955	-
	3,557,043	51,072,514
Financial Derivatives	(398,253)	2,514,786
	3,158,790	53,587,300

Commodity Price Risk

The performance of the Group is related to the market price of gold.

In assessing the carrying values of the assets and liabilities, the effect of changes in the commodity price for gold was considered, where applicable, and reflected accordingly in the balances shown in the Consolidated Statement of Financial Position of the Group.

The Group does not have current operations producing gold, and therefore does not actively engage in any hedging of Commodity Price Risk.

Foreign Exchange Risk

The Group operates in Canada, Malaysia, and New Zealand.

The functional and reporting currency of the parent company is the US dollar. The functional currency of significant subsidiaries is also US dollars. The subsidiaries transact in a variety of currencies but primarily in the US dollar, Canadian dollar, New Zealand dollar and Malaysian ringgit.

The most significant transaction exposure arises in the ultimate parent Company in Canada.

The statement of financial position of the Group includes US and Canadian dollar cash and cash equivalents, gold-linked notes and convertible notes in Canadian dollars. The Group is required to revalue the US dollar equivalent of the Canadian dollar cash and cash equivalents and liability at each period end.

Foreign exchange gains and losses from these revaluations are recorded in the Consolidated Statement of Profit and Comprehensive Income.

At present, the Group does not hedge foreign currency transaction or translation exposures. The currency sensitivity analysis is based on the following assumptions:

- differences resulting from the translation of financial statements of subsidiaries or joint ventures into the Group's presentation currency, US$, are not taken into consideration; and

- the major currency exposures for the Group relate to the US$ and local currencies of subsidiaries and joint ventures. Foreign currency exposures between two currencies where one is not the US$ are deemed insignificant to the Group and have therefore been excluded from the sensitivity analysis.

If the USD had strengthened by 5% (2017 5%) then this would have had the following impact:

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Profit for the year	(153,404)	(174,889)

If the USD had weakened by 5% (2017 5%) then this would have had the following impact:

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Profit for the year	153,404	174,889

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the cash and receivables. The objective of managing counterparty credit risk is to prevent losses in financial assets.

The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

No financial assets of the Group are considered past due or impaired.

Capital Management

The objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern which is dependent on the Company's management:

- Completing the filings and lodgements with the OSC and other regulators as applicable to bring the Company up to date with filing compliance, have the CTO revoked to enable the Group to secure further working capital funding;

The Company continually assesses the adequacy of its capital structure and makes adjustments within the context of its strategy, the mineral resources industry, economic conditions and the risk characteristics of our assets.

The Group manages its capital structure by performing the following:

- Preparing detailed budgets, by project, that are approved by the Board of Directors (the "Board") for development, exploration, acquisition and corporate costs;
- Routine internal reporting and Board meetings to review actual versus budgeted spending; and
- Detailed financial analysis to determine new funding requirements.

The Group considers its capital structure to consist of interest bearing loans and borrowings net of cash and cash equivalents and equity (which includes non-controlling interests). Total managed capital is as follows:

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Cash	(73,003)	(752,432)
Interest-bearing loans and borrowings	48,590,940	47,493,355
Net debt	48,517,937	46,740,923
Shareholders' equity	(4,895,816)	(7,905,030)
	43,622,121	38,835,893

Financial Instruments

The fair value of interest bearing loans and convertible notes approximated the carrying value at 30 June 18 and 30 June 17 due to market rates of interest and the consistency of credit spread. All other fair values of financial instruments except for derivatives approximate their carrying values due to their short-term nature.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

in USD	Loans and Receivables	Instruments at FVTPL	Other Financial Instruments	Total Carrying Value
Assets				
Cash and cash equivalents	73,003	-	-	73,003
Receivables	33,557	-	-	33,557
Derivative assets	-	2,736,987	-	2,736,987
Balance 30 June 2018	**106,560**	**2,736,987**	**-**	**2,843,547**
Liabilities				
Payables and accruals	-	-	2,687,850	2,687,850
Interest bearing loans	-	-	592,918	592,918
Convertible notes	-	-	47,998,022	47,998,022
Balance 30 June 2018	**-**	**-**	**51,278,790**	**51,278,790**

in USD	Loan and Receivables	Instruments at FVTPL	Other Financial Instruments	Total Carrying Value
Assets				
Cash and cash equivalents	752,432	-	-	752,432
Receivables	65,879	-	-	65,879
Derivative assets		398,253	-	398,253
Balance 30 June 2017	**818,311**	**398,253**	**-**	**1,216,564**
Liabilities				
Payables and accruals	-	-	1,738,955	1,738,955
Interest bearing loans	-	-	526,149	526,149
Convertible notes	-		46,967,206	46,967,206
Derivative liabilities		2,514,786	-	2,514,786
Balance 30 June 2017	**-**	**2,514,786**	**49,232,310**	**51,747,096**

16. Segment Reporting

The operations of Besra consist of one business unit, a sole gold exploration and development project in Malaysia with no current revenue and therefore Management has deemed there to be only one reportable segment as disclosed for the 2018 and 2017 financial years. As such no additional segment reporting disclosures have been made.

17. Employee Remuneration

in USD	Year Ended 30 June 2018	Year Ended 30 June 2017
Wages, salaries	101,167	138,480

18. Events After the Reporting Date

The Company has requested relief from the OSC and other securities regulators in respect of its past filings ("Catch-Up Filings") and intends to file the following:

(a) audited annual consolidated financial statements for the year ended 30 June 2018 including comparatives for the year ended 30 June 2017;

(b) MD&A relating to the above annual financial statements;

(c) NI 52-109 Certificates relating to the above financial statements, as required by NI 52-109

(d) the statement of executive compensation for the year ended 30 June 2018 and 30 June 2017.

19. Changes in Accounting Policies, New Standards and Interpretations

The Group has not adopted any new accounting pronouncements this year.

Any accounting pronouncements which have become effective from 1 January 2016 and have been adopted do not have a significant impact on the Group's financial results or position.

The below standards are not yet effective for the year ended 30 June 2018 and have not been early adopted by Besra:

IFRS 9 – Financial Instruments

In July 2014, the IASB reissued IFRS 9 which replaced IAS 39: Recognition and Measurement. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which replaces IAS 18: Revenue for the accounting of revenue. The standard establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 for the accounting of leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

IFRS 9 and IFRS 15 are effective for annual periods beginning on or after 1 January 2018. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. IFRS 9 is not applicable to the Group. For IFRS 15 the Group will continue to recognize and measure financial instruments at fair value through profit or loss or amortized cost basis and thereby management do not expect any material changes.

20. Authorization of Consolidated Financial Statements

The consolidated financial statements for the year ended 30 June 2018 including comparatives were approved by the board of directors on 31 August 2018.

Signed:

John A G Seton

Chief Executive Officer

Date: 31 August 2018

Signed:

Jon Morda

Director & Audit Committee Chairman

Date: 31 August 2018