



## **MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**

### **Quarterly Highlights**

**for the six months ended 31 December 2019**

The following MD&A provides a narrative perspective, through the eyes of management, of how Besra Gold Inc ("the Group" or "Besra" or "the Company") has performed over the last 6 months, including its financial condition and its future prospects.

This MD&A does not provide a general update to the Management's Discussion and Analysis for the 12 periods ended 30 June 2019 & 2018 (the "Annual MD&A"), or reflect any non-material events since the date of the most recent Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 "Quarterly Highlights" of Form 51-102F1. It is current as at February 14, 2020 and has been approved by the Audit Committee of the Board of Directors of the Company.

This MD&A both supplements the Group's financial statements.

### **Forward Looking Information**

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements").

All statements, which address activities, events or developments that the Group believes, expects or anticipates will or may occur in the future, and excluding statements of historical fact, are forward-looking statements for the purposes of this document.

Forward-looking statements contained in this MD&A include, but are not limited to, statements with respect to anticipated developments in the Group's continuing and future operations, the adequacy of the Group's financial resources and financial projections; the ability to raise capital to fund ongoing operations; the ability to have the Company's equity securities listed on a recognized stock exchange; statements concerning or the assumptions related to the estimation of mineral resources, methodologies and models used to prepare resource estimates; the conversion of mineral properties to resources; the potential to expand resources; future exploration budgets, plans, targets and work programs; development plans; activities and timetables; grades; metal prices; exchange rates; results of drill programs; environmental risks; political risks and uncertainties; unanticipated reclamation expenses; statements about the Group's plans for its mineral properties; acquisitions of new properties and the entering into of options or joint ventures; and other events or conditions that may occur in the future.

Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimated," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved.

Forward-looking statements are statements concerning the Group's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Group or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that:

- (i) any of the assumptions in the resource estimates turn out to be incorrect, incomplete, or flawed in any respect;
- (ii) the methodologies and models used to prepare the resource estimates either underestimate or overestimate the resources due to hidden or unknown conditions;
- (iii) operations are disrupted or suspended due to acts of god, internal conflicts in-country, unforeseen government actions or other events;
- (iv) the Group experiences the loss of key personnel;
- (v) the Group's mine operations are adversely affected by other political or military, or terrorist activities;
- (vi) the Group becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; and/or
- (vii) the Group is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Group.

Other factors that could cause the actual results to differ materially from current expectations include market prices, actual exploration outcomes, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions, as well as those risks described under the heading "Risk Management & Disclosure" below.

These forward-looking statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Group and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner.

The Group's forward-looking statements are based on the beliefs, expectations and opinions of management on the date these statements are made, and the Group assumes no obligation to update such forward-looking statements in the future, except as required by law.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. For the reasons set forth above, investors should not place undue reliance on the Group's forward-looking statements.

## **Other Disclosure**

The following discussion of performance, financial condition and future prospects should be read in conjunction with the Annual MD&A and the consolidated audited financial statements for the years ended June 30, 2019 and June 30 2018 along with the unaudited condensed interim consolidated financial statements for December 31, 2019 and notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information provided herein supplements but does not form part of the financial statements.

This discussion covers the 6 months ended December 31, 2019, and the subsequent period up to the date of issue of this MD&A. The Group has prepared this MD&A in accordance with the requirements of National Instrument 51-102 ("NI-51-102").

Additional information relating to the Group is available at [www.sedar.com](http://www.sedar.com).

These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in United States dollars unless otherwise noted.

Unless otherwise indicated, the technical disclosure contained within this MD&A has been reviewed and approved by Mr Kevin Wright (a qualified person for the purpose of National Instrument 43-101 ("NI 43-101"), Standards of Disclosure for Mineral Projects). Mr Wright is a consultant to the Group and is "independent" within the meaning of National Instrument 43-101.

Mr Wright consents to the inclusion in this report of the information that he has compiled in relation to the Bau Gold Property, in the form and context in which it appears.

## Introduction

Besra Gold Inc. is a Canadian incorporated company that is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

### Overall Performance

The Company's single asset being the Bau Gold Project ("Bau") includes:

- mining and exploration tenements that collectively cover more than 1,340 sq km;
- a completed feasibility study on Stage I production;
- the potential for considerable ounce and grade upside;
- zero royalty on gold;
- favourable taxation rates; and
- within a jurisdiction with a robust legal system and bureaucracy.

The Bau Gold Project has been on care and maintenance due to funding limitations. There was no operational exploration or evaluation expenditure for the quarter to 31 December 2019.

The Company's financial condition has not changed materially since its prior year ended 30 June 2019.

Since the issuance of the Cease Trade Order, the Company has filed in the relevant jurisdictions:

- (a) the audited annual financial statements, accompanying MD&A and related NI 52-109 certificates for the fiscal year ended June 30, 2019; and
- (b) the interim financial statements, accompanying MD&A and related NI 52-109 certificates for the interim period ending September 30, 2019.

## Summary of Operations

For the six months to 31 December 2019 the Company had no revenue and had a comprehensive loss of \$742,950 (2018: \$66,182).

Corporate and administrative expense was \$705,710 in the six months to December 2019 down from \$869,317 in the comparable period for the previous period.

The following table sets forth a breakdown of material components of the Corporate and Administrative expense and the Exploration and Evaluation expenditures of the Company.

### Corporate and Administrative Expense

in USD	Three Months to 31 December		Six Months to 31 December	
	2019	2018	2019	2018
Professional & Consulting Fees	186,200	252,002	353,543	434,425
Management & Administration	120,545	165,485	203,967	278,908
Labour Expense	-	12,133	15,382	23,269
Travel & Accommodation	2,782	19,411	5,562	30,470
Office & Facilities	15,691	(13,406)	31,382	7,401
Insurance	6,536	280	32,410	24,844
Directors Fees	35,000	35,000	70,000	70,000
	366,754	398,412	712,246	869,317

### Bau Project Exploration and Evaluation Expenditure Detail

in USD	Three Months to 31 December		Six Months to 31 December	
	2019	2018	2019	2018
Assays & Assessment Supplies	-	-	-	-
General Equipment & Supplies	-	-	-	-
Exploration Office Expenses	-	7,118	-	13,138
Utilities	-	6,542	-	12,075
Travel & Accommodation	-	-	-	-
Contractors & Consultants	-	-	-	-
Labour Expenses	-	86,873	-	160,349
Transport	-	-	-	-
Interest	-	-	-	-
	-	85,029	-	185,562

Costs overall in the 2<sup>nd</sup> 2019 quarter were lower. There was no work undertaken at Bau and as a result no costs were incurred on Exploration and Evaluation.

## Liquidity & Capital Resources

As at 31 December 2019 the Company had cash on hand of \$37,226.

Cash used in operating activities was \$154,300 for the six months to 31 December 2019 (2018: \$590,179).

Expenditure on exploration and evaluation costs for the company's single asset, the Bau Gold Project, in the quarter was nil (2018: \$185,562).

The ongoing activities of the Company remain dependent on external funding to finance the Bau Gold Project, and to meet the Company's working capital requirements.

While there is no assurance that funding will be available to the Company, in the amounts or at the times desired or on terms that are acceptable to it, the Company was successful in arranging funding support amounting to CAD500,000 during the current reporting period. These funds were applied to working capital needs while also permitting the Company to fulfil its financial reporting obligations including the 2019-year end audit.

The Company's ability to obtain additional funds include, but are not limited to the consequences of:

- its ability to secure a listing on a public exchange, in 2020;
- favourable gold price commodity conditions; and
- the existing attributes of the Bau Gold Project including its significant resource inventory and ability to utilise these and advance the project to the next stage which may include the development of a feasibility study.

## Related Party Disclosure

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

Name	% Ownership Held as at:	
	30 Sep 2019	30 June 2019
Besra NZ Ltd (formerly OYMNZ Ltd)	100	100
Besra Labuan Ltd (formerly Olympus Pacific) Minerals	100	100
North Borneo Gold Sdn Bhd	87.06	87.06
Bau Mining Co. Ltd	91	91

Related Parties of the Group are Pangaea and InCor, as the entity has Common Directors who are deemed to have influence over the Company. The following Related Party transactions are recognized in the consolidated financial statements of the Company:

*Ultimate Parent*

in USD	Six Months to 31 December		Six Months to 31 December	
	2019	2018	2019	2018
Interest	-	204,106	-	404,813

*Key Management*

in USD	Three Months to 31 December		Six Months to 31 December	
	2019	2018	2019	2018
Management fees and salary expense	119,658	75,000	213,202	168,544

*Entities with Common Directors who Have Significant Influence*

in USD	Three Months to 31 December		Six Months to 31 December	
	2019	2018	2019	2018
Consultancy Fees Expense	-	11,544	-	45,889
Interest	-	50,070	-	99,236

## Contractual Commitments

The balance of commitments in respect of the acquisition of a further interest in North Borneo Gold Sdn Bhd (NBG) at 30 June 2019 are payments totalling \$4,212,439 and shares to a value of \$1,541,200 (2018: payments totalling \$4,212,439 and shares to a value of \$1,541,200).

All other commitments in respect of the Convertible Notes and Other Borrowing are expected to be dealt with in FY 2020 as part of the Group's capital raising plans.

## Outlook

The Company has no operating revenues and therefore must obtain funding from equity financing and/or other capital raisings. The key corporate activities for the remainder of the fiscal year are:

- Make an application for listing of securities, most likely on the Australian Securities Exchange ('ASX'). Indications are that this may result in an overall capital raise of between \$6.75m and \$8m including pre-IPO money of \$1.35m, in 2020; and
- Oversee recommencement of operations on the Bau Gold Project, 2<sup>nd</sup> half 2020 following the IPO.

The Company's use of cash raised is primarily in two areas, funding of general administration expenditures and in following the IPO increased investment in exploration and evaluation.

## Selected Annual Information

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Revenue	-	-
Net income (loss) & comprehensive income	(22,500,323)	(621,843)

Comprehensive income attributable to shareholders of the parent	(18,863,527)	(644,084)
Basic earnings per share	(0.016)	(0.001)
Diluted earnings per share	(0.006)	(0.000)
Total Assets	17,586,915	50,984,214
Non-current liabilities	2,415,009	22,726,357
Cash dividends declared	-	-

## Subsequent Event

There were no events subsequent to advise in respect the quarter ended December 31, 2019.

## Other Financial Matters

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Financial Instruments

The Company has not entered into any financial agreements to minimise its investment, currency or commodity risk.

### Outstanding Share Data

As at 14 February 2020 the Group had issued and outstanding 1,204,892,898 shares (June 30, 2019: 1,204,892,898).

### Critical Accounting Estimates

Information about significant areas of estimation uncertainty, considered by management in preparing the Audited Financial Statements, is described in the Audited Consolidated Financial Statements for the year ended 30 June 2019 and Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2019.

### Accounting Policies

The accounting policies and methods of computation are described in the Audited Consolidated Financial Statements for the year ended 30 June 2019 and are consistent with those adopted for preparation of the Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2019.

### Risk Factors and Uncertainties

Readers of the 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. It is also included in the Audited Consolidated Financial Statements for the year ended 30 June 2019 and Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2019.