BESRA GOLD INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 30 JUNE 2018 & 30 JUNE 2019

(In United States Dollars)

BESRA GOLD INC.

Statement of Management's Responsibility

The accompanying consolidated financial statements have been prepared by and are the responsibility of the management of Besra Gold Inc. ("the Company"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimate and judgement based on currently available information.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized and that the accounting systems provide timely and accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities in respect of financial reporting and internal control. The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditor to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the annual consolidated financial statements before they are presented to the Board of Directors for approval.

The Company's independent auditors, Grant Thornton New Zealand Audit Partnership, was appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

Signed:

John A G Seton

Chief Executive Officer

Date: 7 February 2020

Auckland, New Zealand

Audit
Grant Thornton New Zealand
Audit Partnership
Level 15, Grant Thornton House
215 Lambton Quay
PO Box 10712
Wellington 6143

T +64 (0)4 474 8500
F +64 (0)4 474 8509
www.grantthornton.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Besra Gold Inc

Opinion

We have audited the consolidated financial statements of Besra Gold Incorporated ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 30 June 2019, and 30 2018 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as at 30 June 2019 and 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 3 in the consolidated financial statements, which indicates the Group incurred a net loss of $22.5m during the year ended 30 June 2019 and, as of that date, the company's current liabilities exceeded its current assets by $15.1m. Further the Group is dependent on its ability to have the cease trading order lifted by the Ontario Securities Commission, raise sufficient cash through the issuance of further debt or share capital and Pangaea Holdings Limited not acting on the events of default under the Exit Financing note. 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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing these consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brayden Smith.

Grant Thornton

Wellington, New Zealand — Chartered Professional Accountants

7 February 2020

BESRA GOLD INC.

Consolidated Statement of Financial Position

in USD	Notes	As at 30 June 2019	As at 30 June 2018 (Restated) (Refer note 20)	As at 1 July 2017 (Restated) (Refer note 20)
ASSETS				
Current				
Cash and cash equivalents		22,467	73,003	752,432
Tax and other receivables		3,337	62,857	110,076
Prepaid expenses		7,485	7,529	23,468
		33,289	**143,389**	**885,976**
Non-current				
Property plant and equipment		47,204	69,243	89,022
Exploration and evaluation	4	17,506,422	50,771,582	50,073,012
		17,553,626	**50,840,825**	**50,162,034**
TOTAL ASSETS		**17,586,915**	**50,984,214**	**51,048,010**
LIABILITIES				
Current				
Trade and other payables	5	5,083,028	2,687,850	1,738,955
Derivative liability	7	8,599,174	2,420,699	5,998,077
Loans and borrowings	6	1,433,637	592,918	-
		15,115,839	**5,701,467**	**7,737,032**
Non-current				
Loans and borrowings	6	-	-	526,149
Derivative liability	7	2,415,009	15,388,130	12,002,399
Deferred tax liabilities	8	-	7,338,227	7,604,197
		2,415,009	**22,726,357**	**20,132,745**
TOTAL LIABILITIES		**17,530,848**	**28,427,824**	**27,869,777**
EQUITY				
Issued capital	9	141,517,358	141,517,358	141,517,358
Investment Premium Reserve	9	(20,563,257)	(20,563,257)	(20,563,257)
Accumulated losses		(119,499,894)	(100,636,367)	(99,992,283)
		1,454,207	20,317,734	20,961,818
Non-controlling interest		(1,398,140)	2,238,656	2,216,415
TOTAL EQUITY		**56,067**	**22,556,390**	**23,178,233**
TOTAL LIABILITIES AND EQUITY		**17,586,915**	**50,984,214**	**51,048,010**

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

BESRA GOLD INC.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

in USD	Notes	Year Ended 30 June 2019	Year Ended 30 June 2018 (Restated) (Refer note 20)
Revenue		-	-
Corporate and administrative expense		(1,736,860)	(1,216,696)
Exploration expense		(104,700)	(3,379)
Depreciation and amortization		(22,038)	(19,779)
Impairment charges	4	(33,270,000)	-
Derivative fair value revaluation		6,794,646	191,647
Finance charges	10	(1,499,598)	160,394
(LOSS) BEFORE INCOME TAX		**(29,838,550)**	**(887,813)**
Income tax recovery	8	7,338,227	265,970
NET (LOSS) FOR THE YEAR		**(22,500,323)**	**(621,843)**
Other comprehensive income net of tax		-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		**(22,500,323)**	**(621,843)**
Comprehensive (loss) for the year attributable to:			
Shareholders of the parent		(18,863,527)	(644,084)
Non-controlling interests		(3,636,796)	22,241
Basic and dilutive earnings per share	11	(0.016)	(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	Year Ended 30 June 2019	Year Ended 30 June 2018 (Restated)
OPERATING ACTIVITES			
Total comprehensive loss for the year		(22,500,323)	(621,843)
Items not affecting Cash			
Depreciation & amortization		22,038	19,779
Deferred income tax	8	(7,338,227)	(265,970)
Interest on loans		39,381	-
Unrealised foreign exchange		(27,669)	(160,394)
Derivative revaluation		(6,794,646)	(191,647)
Impairment charges	4	33,270,000	-
Changes in non-cash working capital balances			
Other receivables		59,563	48,994
Trade and other payables		2,395,178	712,197
Cash used in operating activities		**(874,705)**	**(458,884)**
INVESTING ACTIVITIES			
Exploration and evaluation costs		(4,840)	(359,826)
Cash used in investing activities		**(4,840)**	**(359,826)**
FINANCING ACTIVITIES			
Proceeds from financing loan	12	829,009	142,659
Cash provided by financing activities		**829,009**	**142,659**
Net change in cash and cash equivalents		(50,536)	676,051
Cash - beginning of the year		**73,003**	**752,432**
Effect of foreign exchange rate changes on cash		-	(3,378)
Cash – end of the year		**22,467**	**73,003**

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 2018	**141,517,358**	**(20,563,257)**	**(128,088,573)**	**2,238,656**	**(4,895,816)**
Prior year error (Note 20)	-	-	27,452,206	-	27,452,206
Restated opening balance	141,517,358	(20,563,257)	(100,636,367)	2,238,656	22,556,390
(Loss) for the year	-	-	(18,863,527)	(3,636,796)	(22,500,323)
Total comprehensive (loss) for the year	-	-	(18,863,527)	(3,636,796)	(22,500,323)
Balance at 30 June 2019	**141,517,358**	**(20,563,257)**	**(119,499,894)**	**(1,398,140)**	**56,067**
Balance at 1 July 2017	**141,517,358**	**(20,563,257)**	**(131,075,546)**	**2,216,415**	**(7,905,030)**
Prior period error (Note 20)	-	-	31,083,263	-	31,083,263
	141,517,358	(20,563,257)	(99,992,283)	2,216,415	16,604,680
Profit for the year as previously stated	-	-	2,986,973	22,241	3,009,214
Prior period error (Note 20)	-	-	(3,631,057)	-	(3,631,057)
Total comprehensive (loss) for the year	-	-	(644,084)	22,241	(621,843)
Restated Balance at 30 June 2018	**141,517,358**	**(20,563,257)**	**(100,636,367)**	**2,238,656**	**22,556,390**

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

BESRA GOLD INC.

Notes to the Consolidated Financial Statements

1. Background and Nature of Business

During the financial years ended 30 June 2018 and 2019, the business of Besra Gold Inc. and subsidiaries (‘Besra’ or ‘the Company’) consisted of a sole feasibility stage project in East Malaysia, being the Bau Gold Project (‘Bau’).

The 30 June 2018 and 2019 financial statements for Besra Gold Inc. are the consolidated operations of Besra Gold Inc.

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.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements for the year ended 30 June 2019 including comparatives were approved and authorized for issue by the Board of Directors (‘Board’) on 7 January 2020 (see note 21).

Unless otherwise indicated (i.e. through the adoption of new standards) 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 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 2019	Ownership % 30 June 2018
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 2019, the Group made a loss of $22,500,323 (30 June 2018: a loss of $621,843). As at 30 June 2019, the Company's current liabilities exceeded its current assets by $15,082,550 (at 30 June 2018: $5,558,078). Cash and cash equivalents on hand at 30 June 2019 is $22,467 (30 June 2018: $73,003).

The Group is subject to Cease Trade Orders ('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 2019 financial statements is dependent on the following

- Pangaea Holdings Limited not acting on the events of default under the Exit Financing Note;
- 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;
- Access to Pre-IPO funding which is available to ensure that the listing on the Australian Stock Exchange ('ASX') will proceed; and
- The Group raising sufficient funds by way of an Initial Public Offering ('IPO') in the first half of 2020.

The dependency on the forecasted events and cash flows creates a material uncertainty that may cast 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.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the respective 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 or Loss and Other 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.

Impairment of Non-Financial Assets

The Board of Directors reviews and evaluates the Group's non-financial 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.

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 with the Consolidated Statement of Profit or Loss and other comprehensive income 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 the Group becomes a party to the contractual provisions of the financial instrument.
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

All financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:
• amortised cost
• fair value through profit or loss ('FVTPL')
• fair value through other comprehensive income ('FVOCI').
In the period presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

The Group's financial liabilities include derivative liabilities, borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability to be accounted for at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in consolidated statement of profit or loss.

All derivative financial instruments are accounted for at 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.

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

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

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, 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 used in the preparation of these consolidated financial statements include:

Judgements:

- 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.
- The convertible notes (refer note 7) issued by the Group are complex with varying features which could, depending on judgements applied, result in a number of possible accounting treatments based on the application of IFRS. The main judgement made in determining the accounting treatment for the convertible notes is whether the notes should be split into multiple elements (i.e. base loan, warrants or interest) with a different accounting treatment for each element or treated as a single instrument meeting the definition of a derivative.

Estimates:

- Assessment of whether the 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 Directors have used the fair value less costs to sell method using an income approach to test the exploration and evaluation asset for impairment. Fair value is estimated based on an associated enterprise value per resource ounce multiple methodology for relevant comparable companies in conjunction with an independent market assessment of the Company as a whole. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

The Directors have also taken into account impairment testing relying upon advice from an independent party who arrived at a pre-IPO asset value based on pre-IPO funding arranged by the Company and the proposed raising as part of an IPO and re-listing on the ASX. The testing used this asset value and other inputs that were appropriate at that time to arrive at a value of the asset. (Refer to Note 4)

- Fair value determination of financial instruments carried at fair value. Derivative 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. For the year ended 30 June 2018 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 3 in the fair value hierarchy.

  For the year ended 30 June 2019 the liabilities were valued using an income approach to calculate the fair value which incorporates both the timing and risk of receiving the expected payoff amounts. The valuation used estimates to determine the possible future outcomes, the timing and expected proceeds, with the expected proceeds discounted using a risk-adjusted discount rate with the resulting present value probability weighted to arrive at the fair value. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. (Refer to Note 7). This has been assessed as a change in estimated.

4. Exploration and evaluation

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Opening Balance	50,771,582	50,073,012
Additions	4,840	698,570
Impairment	(33,270,000)	-
Closing Balance	**17,506,422**	**50,771,582**
Cost	50,776,422	50,771,582
Accumulated impairment	(33,270,000)	-
Closing Balance	**17,506,422**	**50,771,582**

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.

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 mining licenses 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.

During this financial year the Directors examined the viability of relisting the Company on a stock exchange and during this process it became clear that it was not possible for the Company to achieve the previous valuation outcomes. The Directors therefore have performed an impairment test and determined the recoverable amount of the asset at its fair value less costs of disposal, relying on advice from an independent party which concluded that the Enterprise Value (EV) of the Company at 30 June 2019 based on a pre-IPO valuation is $17.5 million. As the Company only has a single asset, the use of an EV was considered an appropriate indicator for the value of the asset. This opinion was based on the value of the asset on an EV per ounce basis discounted for their assessment of the sovereign risk-taking and the likely institutional market uptake of the IPO offering and takes into account pre-IPO funding arranged by the Company, and the proposed raising of $5.6 - $7.0 million as part of an IPO that involves the Company re-listing on the ASX that should take place prior to 30 June 2020. This process ascribed an asset value of $17.5 million on a debt free basis. Any change in the IPO pricing will result in a corresponding direct change in the underlying asset value. As a result, the Directors have concluded that it was necessary for the Group to impair the carrying value of Bau for the year ended 30 June 2019 by an amount of $33,270,000 reducing the value of the asset to $17,506,422.

5. Trade and other payables

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Trade payables	2,711,582	1,898,369
Taxes and government fees	29,957	38,669
Accruals and other payables	2,341,489	750,782
Total	**5,083,028**	**2,687,850**

6. Loans and borrowings

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018 (Restated)
Current Liabilities		
Other current indebtedness (unsecured)	1,433,637	592,918
Total	**1,433,637**	**592,918**

Other Current Indebtedness (Unsecured)

North Borneo Gold Debt Notes (“NBG Debt Notes”) carried at $414,046 in 2019 (2018: $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.

Novus Capital has made unsecured advances of $800,821 for working capital. They are repayable on demand and have an interest rate of 12% per annum payable on maturity.

7. Derivative Liabilities

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018 (Restated)
Current Liability:		
Convertible notes (secured)	1,535,156	564,979
Exit financing note (secured)	7,064,016	1,855,720
	8,599,174	2,420,699
Non-current liability:		
Creditor convertible notes (unsecured)	2,415,009	15,388,130
Total	**11,014,183**	**17,808,829**

For the year ended 30 June 2019, the derivative liabilities were valued using an income approach to calculate the fair value which incorporates both the timing and risk of receiving the expected payoff amounts. The valuation used estimates to determine the possible future outcomes, the timing and expected proceeds, with the expected proceeds discounted using a risk-adjusted discount rate with the resulting present value probability weighted to arrive at the fair value. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.
The main inputs into the valuation were

- the security held by the noteholders (refer below),
- the expected proceeds from an IPO of $5.6 - $7 million, and
- using a discount rate between 25% to 30%

The sensitivity analysis based on the expected proceeds of $7 million with a variance in the discount rate of +/- 5% results in a value range of +/- $350,000.

For year ended 30 June 2018 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 3 in the fair value hierarchy.

The main inputs into the valuation were:

- the risk-free rate (1.52% - 2.03%)
- risk adjusted discount rate (23.50% - 30.75%)
- share price volatility (50% - 60%)

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 Securities Commission 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 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 InCoR Note converts, and common shares are issued to the holder.

The InCoR Note matured on the in November 2018 when all the CTOs were revoked. As the InCor Note has matured it currently convertible at the option of the holder or (amongst other things) on an equity financing with proceeds in excess of CAD$15 million at an average subscription price in excess of 200% of the conversion price.

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 Notes are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares and resulting warrants 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 in its entirety under IFRS.

The legal amount owing on the note at 30 June 2019 is CAD$2,616,483 (2018: CAD$2,358,483)

Exit Financing Note (Secured)

Pangaea Holdings Limited (“Pangaea”) subscribed CAD$10 million to the Company in November 2016, pursuant to a partial revocation of the 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 CAD$0.01 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 CAD$0.02 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 CAD$0.01 per Common Share. As a condition of Pangaea consenting to further InCoR advances the interest rate under the Convertible Note increased from 10.5% 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 CAD$0.02 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 Notes are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares and resulting warrants 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 in its entirety under IFRS.

There are two outstanding matters in relation to the Convertible Note:

- Licence over the Bau project needs to be transferred to one holding company and charged to Pangaea.
- The potential revocation of the Cease Trade Order (CTO) on 28 January 2020.

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.

However Pangaea has advised they do not intend to act on the EODs.

The legal amount owing on the note at 30 June 2019 is CAD$12,322,778 (2018: CAD$11,122,778)

Creditor convertible notes (Unsecured)

The Creditors Notes (“New Notes”) were issued on 17 November 2016 and 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 Creditor convertible Notes are denominated in Canadian dollars. The functional reporting currency of the Company is US dollars. As the exercise price of the Common Shares 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 in its entirety under IFRS.

The legal amounts owing on the note at 30 June 2019 is CAD$51,124,850 (2018: CAD$49,702,850)

8. Income Tax

The significant components of income tax expense were:

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
(Loss) Profit before income tax	(29,838,550)	(887,813)
Expected tax recovery at 26.5% (2018:28%)	(7,907,216)	(248,588)
Non-deductible/assessable items	(1,423,156)	(53,661)
Benefit of current year loss not recognized	1,992,145	36,279
Actual tax (recovery)	**(7,338,227)**	**(265,970)**
Tax recovery comprises:		
Current tax:		
Based on taxable income for the current year	-	-
Deferred tax:		
Origination and reversal of temporary differences	7,338,227	265,970
Total tax recovery	**7,338,227**	**265,970**

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 $64,137,554 (2018: $55,797245) 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 2019	Year Ended 30 June 2018
Deferred Tax Liabilities		
Exploration & Evaluation Properties	-	7,338,227
Total Deferred Tax Liabilities	**-**	**7,338,227**
Deferred Tax Recovery		
Exploration & Evaluation Properties	7,338,227	265,970
Total Deferred Tax Recovery	**7,338,227**	**265,970**

Deferred tax liabilities denominated in foreign currencies are retranslated at reporting period 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 2017	1,204,892,898	141,517,358
Shares issued	-	-
Balance 30 June 2018	1,204,892,898	141,517,358
Shares Issued	-	-
Balance 30 June 2019	**1,204,892,898**	**141,517,358**

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. (Refer note 7 for details of Exit Financing Note)

Reserves

in USD	Investment Premium Reserve	Total
Balance at 30 June 2018	(20,563,257)	(20,563,257)
Balance at 30 June 2019	**(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 2019	Year Ended 30 June 2018 (Restated)
Interest on borrowings and notes	39,049	-
Finance expense	1,424,245	-
Foreign exchange loss (gain)	36,304	(160,394)
Total finance charges	**1,499,598**	**(160,394)**

11. Earnings Per Share

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018 (Restated)
Basic earnings per share attributable to Equity Owners:		
Profit for the period	(18,863,527)	(644,084)
Weighted average number of common shares outstanding	1,204,892,898	1,204,892,898
Basic earnings per share	**(0.016)**	**(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 1,412,806,900 (2018: 1,412,806,900) and warrants are exercised 333,333,333 (2018: 333,333,333). 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.

12. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Year ended 30 June 2019

in USD	Short term Borrowings	Derivatives	Total
Opening balances	592,918	17,808,829	18,401,747
Cash flows			
Proceeds	829,009	-	829,009
Non-cash			
Accrued interest	11,710	-	11,710
Adjustment to fair value	-	(6,794,646)	(6,794,646)
Balance 30 June 2019	**1,433,637**	**11,014,183**	**12,447,820**

Year ended 30 June 2018

in USD	Short term Borrowings	Derivatives	Total
Opening balances	526,159	18,000,476	18,526,635
Cash flows			
Proceeds	142,659	-	142,659
Non-cash			
Interest accrued	(75,900)	-	(75,900)
Adjustment to fair value	-	(191,647)	(191,647)
Balance 30 June 2018	**592,918**	**17,808,829**	**18,401,747**

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 2019	Year Ended 30 June 2018
Derivative liability	7,064,016	1,855,720
Financing charges	1,424,245	-
Finance charges payable	(1,424,245)	-

Key Management

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Directors fees and management fees	590,182	391,012
Amounts payable	1,005,840	292,968

Entities with Common Directors Who Have Significant Influence

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Consultancy fees expense	125,827	141,950
Interest-bearing loan	100,000	40,701
Derivative liability	1,535,156	564,979
Interest	27,219	-
Consultancy fees payable	189,041	130,516

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 20 May 2011 and 20 January 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 "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 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)

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 2019 and 30 June 2018, 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:

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

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

Interest rate risk

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

There is no sensitivity to interest rates.

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 2019, the Group was dependent on the ongoing support of its financiers, referred to in Note 3 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 30 June 2019:

in USD	Within 1 Year	1-5 Years
Other borrowings	1,433,637	-
Trade and other payables	5,083,028	-
	6,516,665	-
Financial derivatives	8,599,174	2,415,009
Total	**15,115,839**	**2,415,009**

As at 30 June 2018:

in USD	Within 1 Year	1-5 Years
Other borrowings	592,918	-
Trade and other payables	2,687,850	-
	3,280,768	-
Financial derivatives	2,420,699	15,388,130
	5,701,467	**15,388,130**

Commodity Price Risk

The performance of the Group is significantly 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, 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 Loss and Other 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% (2018: 5%) then this would have had the following impact:

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Loss (Profit) for the year	94,553	(153,404)

If the USD had weakened by 5% (2018: 5%) then this would have had the following impact:

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
(Loss) Profit for the year	(94,553)	153,404

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. 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 (2018: Nil).

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 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 2019	Year Ended 30 June 2018
Cash	(22,467)	(73,003)
Interest-bearing loans and borrowings	1,433,637	592,918
Derivative liabilities	11,014,183	17,808,829
Net debt	12,425,353	18,328,744
Shareholders' equity	56,067	22,568,390
	12,481,420	40,897,134

Financial Instruments

The fair value of interest-bearing loans and borrowings approximated the carrying value at 30 June 2019 and 30 June 2018 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	At amortised cost	Instruments at FVTPL	Total
Assets			
Cash and cash equivalents	22,467	-	22,467
Tax and other receivables	3,337	-	3,337
Balance 30 June 2019	**25,804**	**-**	**25,804**
Liabilities			
Payables and accruals	(5,083,028)	-	(5,083,028)
Loans and borrowings	(1,433,637)	-	(1,433,637)
Derivative liabilities	-	(11,014,183)	(11,014,183)
Balance 30 June 2019	**(6,516,665)**	**(11,014,183)**	**(17,530,848)**

in USD	At amortised cost	Instruments at FVTPL	Total
Assets			
Cash and cash equivalents	73,003	-	73,003
Tax and other receivables	33,557	-	33,557
Balance 30 June 2018	**106,560**	**-**	**106,560**
Liabilities			
Payables and accruals	(2,687,850)	-	(2,687,850)
Interest bearing loans	(592,918)	-	(592,918)
Derivative liabilities	-	(17,808,829)	(17,808,829)
Balance 30 June 2018	**(3,280,768)**	**(17,808,829)**	**(21,089,597)**

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 2019 and 2018 financial years. As such no additional segment reporting disclosures have been made.

17. Employee Remuneration

in USD	Year Ended 30 June 2019	Year Ended 30 June 2018
Wages, salaries	550,717	101,67

18. Events After the Reporting Date

Subsequent to 30 June 2019, Besra issued secured convertible notes in the amount of $500,000. The obligations under such notes are secured by a general security interest over all the assets and undertaking of the Company.

There have been no other significant events after the reporting date.

19. Changes in Accounting Policies, New Standards and Interpretations

The Group has adopted the following new accounting pronouncements this year.

New or revised Standards or Interpretations

IFRS 9 'Financial Instruments'
IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial instruments.

The new standard has been applied retrospectively with no impact on any previously recorded numbers. It has not resulted in any change to the recognition or measurement of any financial instruments and there has been no changes to the classification or measurement of any financial instruments.

IFRS 15 – Revenue from Contracts with Customers

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

The adoption of this standard has no impact on the Group's financial results or position

The below standard is not yet effective for the year ended 30 June 2019 and has not been early adopted by Besra

IFRS 16 – Leases

IFRS 16 replaces IAS 17 for the accounting of leases. This standard 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 16 is effective for annual reporting periods beginning on or after 1 January 2019 with early application permitted in certain circumstances.

Management has assessed the impact of the standard and this is not considered to be material to the consolidated financial statements.

20. Prior period error

Initially the Group concluded it was appropriate to account for the InCor Note, the Exit Financing Note and the New Notes (collectively the "convertible notes") on an amortised cost basis, with an associated derivative financial instrument for the embedded conversion options.
The Directors have concluded that classification of the convertible notes as a single instrument at fair value through profit or loss (rather than hybrid instruments carried at amortised cost and a derivative at fair value) provides the best information to users of the financial statements because it more accurately reflects the nature of the convertible notes and their ultimate redemption value.
The consolidated financial statements of the Group have been restated for prior periods to reflect the classification of the convertible notes as derivative liabilities in their entirety.

The main impact of the change is that the notes are no longer treated as a hybrid instrument with a debt and derivative component. In prior years movements on the notes were recorded as finance charges and derivative fair value revaluations. In the restated numbers the notes have been classified as at fair value through profit or loss from inception with movements in the notes being recognised in profit or loss as a derivative fair value revaluation. There are no tax consequences arising from the changes.

Impact of restatement

Consolidated Statement of Financial Position

	As at 1 July 2017			As at 30 June 2018		
	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Current Assets						
Derivative assets	398,253	(398,253)	-	2,736,987	(2,736,987)	-
Current liabilities						
Loans and borrowings	(9,805,753)	9,805,753	-	(10,319,738)	(9,726,820)	(592,918)
Derivative liabilities	(2,429,037)	(3,569,040)	(5,998,077)	-	(2,420,699)	(2,420,699)
Non-current liabilities						
Loans and borrowings	(37,687,602)	37,161,453	(526,149)	(38,271,202)	38,271,202	-
Derivative liabilities	(85,749)	(11,916,650)	(12,002,399)	-	(15,388,130)	(15,388,130)
Equity						
Accumulated losses	131,075,546	(31,083,263)	99,992,283	128,088,573	(27,452,206)	100,636,367

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 30 June 2017			Year ended 30 June 2018		
	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Derivative fair value revaluation	3,068,506	3,050,800	6,119,306	(4,819,525)	4,627,878	(191,647)
Finance charges	1,491,573	(697,143)	794,430	836,427	(996,821)	(160,394)
Gain on restructure	(9,156,757)	9,156,757	-	-	-	-
Basic and diluted earnings per share	0.002	(0.005)	(0.003)	0.002	(0.003)	(0.001)

21. Authorization of Consolidated Financial Statements

The consolidated financial statements for the year ended 30 June 2019 including comparatives were approved by the board of directors on 7 February 2020.

Signed:	Signed:
John A G Seton	**Jon Morda**
Chief Executive Officer	Director & Audit Committee Chairman
Date: 7 February 2020	Date: 7 February 2020