



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

### Quarterly Highlights

for the three months ended 30 September 2020

The following MD&A aims to provide a narrative explanation, through the eyes of management of how Besra Gold Inc ("the Group" or "Besra" or "the Company") has performed over the last 3 months, 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 months ended 30 June 2020 & 2019 (the "Annual MD&A"), or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared by Management in compliance with the requirements of section 2.2.1 "Quarterly Highlights" of Form 51-102F1, is current as at 30 September, 2020 and has been approved on 29 November 2020 by the Audit Committee (and Board of Directors) of the Company.

This MD&A both supplements and complements 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, other than statements of historical fact, which address activities, events or developments that the Group believes, expects or anticipates will or may occur in the future are forward-looking statements.

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; 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, exploration success, 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 the 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 2018 along with the unaudited condensed interim consolidated financial statements for 31 March 2020 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 3 months ended 30 September 2020, and the subsequent period up to the date of issue of this MD&A. The Group has prepared this MD&A following 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 consented to the inclusion of the information that he has compiled in relation to the Bau Gold Property, in the previous report as filed. That consent remains 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.

During the financial years ended 30 June 2019 and 2020 and the 3 months ended 30 September 2020, 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').

## Overall Performance

The Company's single asset is the Bau Gold Project.

The Bau Gold Project has been on care and maintenance due to funding limitations and continued on care and maintenance during the quarter.

During the first half of 2020 in a market of improved gold prices and significantly improved prospects for the gold mining industry, the Company embarked on a four-part revitalization, restructuring and reorganisation plan (the "Reorganisation") which comprises:

- Securing a revocation of the cease trade order – this was obtained on April 20, 2020.
- Obtaining financing to bridge a re-listing of the Company's common shares on a stock exchange. In April 2020, the Company signed a mandate agreement with Canaccord Genuity (Australia) Limited ("Canaccord") to act on an exclusive basis as lead manager for the potential initial public offering ("IPO") of the Company's common shares on the Australian Securities Exchange ("ASX"). On July 7, 2020, the Company closed an AUD\$2,533,000 financing consisting of zero coupon secured convertible subordinated notes ("Bridge Notes") including the replacement of an existing CAD\$500,000 secured convertible note, arranged through Canaccord. The Bridge Notes mature November 30, 2020 and are convertible at the option of the holder into common shares at a price of AUD\$0.10 per share, on a post consolidation basis and convert automatically upon the occurrence of a transaction resulting, directly or indirectly, in the relisting of the Company's common shares on a specified stock exchange. As part of the Reorganisation, the Company proposes to seek an extension to the maturity date of the Bridge Notes to February 28, 2021 to enable the completion of an IPO.
- Restructuring the Company's debt and equity capital (the "Capital Restructuring") – A central component of the Capital Restructuring is approval of the holders of 3% unsecured convertible notes ("Creditors Noteholders") with a face value of CAD\$47,485,886 to be exchanged for new common shares in the Company. An information circular was distributed to Creditors Noteholders dated October 16, 2020 and subsequently a supplement to the circular was distributed to Creditors Noteholders dated November 10, 2020 seeking approval for the exchange of the notes in full for 70,000,000 new common shares in the Company (on a post consolidation basis). The meeting was due to be held on November 16, 2020 but was adjourned before considering the relevant resolution. The meeting is expected to be reconvened on November 30, 2020.
- At the annual special meeting of shareholders dated September 10, 2020 shareholders approved the consolidation of the Company's capital on the basis of one post consolidation shares for every two hundred and fifty (250) pre consolidation shares or such lesser ratio as the board of directors of the Company approve. On November 23, 2020 the Company's directors approved a consolidation of the Company's capital on the basis of one post consolidation shares for every one hundred and thirty-seven point four seven (137.47) pre consolidation shares.
- Listing of the Company's common shares via an IPO on the ASX. The Company intends to lodge a prospectus in connection with an IPO and listing of the Company's common shares in the form of Chess Depository Receipts ("CDIs") which would outline the Company's plan to seek a minimum of AUD\$12 million and up to AUD\$15 million in new equity funding.

As part of the IPO, all secured debts and remaining unsecured notes, including the Bridge Notes, will be exchanged for new post consolidation common shares in the Company.

There can be no assurance that the Reorganisation can be completed in full.

### Summary of Operations

For the 3 months to 30 September 2020 the Company had no revenue and reported a loss and comprehensive loss of \$1,057,833 (2020: \$350,152). The increased loss in the quarter arose due to the revaluation of derivatives of \$153,815 (2019: (\$836,152) and increased corporate and administrative expenses of \$734,055 (2019: \$345,492). The increase in corporate and administrative expenses reflected the increased activities to prepare the Company and the Bau Project for the proposed IPO. Other expenses have continued to be maintained at a minimal level.

The following table sets forth a breakdown of main elements of the Corporate and Administrative costs & Exploration and Evaluation expenditures of the Company during the three months to 30 September 2020:

### Corporate and Administrative Expense

in USD	3 Months to 30 September		3 months to 30 September	
	2020	2019	2020	2019
Professional & Consulting Fees	292,242	167,343	292,242	167,343
Management & Administration	349,065	83,422	349,065	83,422
Labour Expense	-	15,382	-	15,382
Travel & Accommodation	3,089	2,780	3,089	2,780
Office & Facilities	29,014	15,691	29,014	15,691
Insurance	24,645	25,874	24,645	25,874
Directors Fees	35,000	35,000	35,000	35,000
	734,055	345,942	734,055	345,942

### Bau Project Exploration and Evaluation Expenditure Detail

in USD	3 Months to 30 September		3 months to 30 September	
	2020	2019	2020	2019
Exploration Office Expenses	82,708	-	82,708	-
	82,708	-	82,708	-

### Liquidity & Capital Resources

At 30 September 2020 the Company had cash on hand of \$223,447 and a working capital deficit of \$20,076,405 (2019: \$15,330,718).

The ongoing activities of the Company are dependent on external funding to finance the Bau Project, and to meet its obligations as they come due. 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 the Company.

Cash used in operating activities was \$1,061,769 for the 3 months to 30 September 2020 (2019: \$57,290). The investing cash expenditure for the 3 months was \$nil of exploration and evaluation costs (2019: \$nil) at the company's single asset at Bau, Malaysia. Expenditures in all categories were limited due to funding restrictions.

During the period, \$1,253,956 of additional funds were raised (2019: \$169,060) to prepare the Company and the Bau Project for the proposed IPO.

### 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 Sept 2020	30 June 2020
Besra NZ Ltd (formerly OYMNZ Ltd)	100	100
Besra Labuan Ltd (formerly Olympus Pacific)	100	100
North Borneo Gold Sdn Bhd	87.06	87.06
Bau Mining Co. Ltd	91	91

Related Parties of the Group are Pangaea with Significant Influence, 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 transactions are recognized in the consolidated financial statements of the Group:

#### *Significant Influence*

in USD	3 Months to 30 September		3 Months to 30 September	
	2020	2019	2020	2019
Interest	-	-	-	-

#### *Key Management*

in USD	3 Months to 30 September		3 Months to 30 September	
	2020	2019	2020	2019
Management fees and salary expense	75,000	93,544	75,000	93,544

#### *Entities with Common Directors who Have Significant Influence*

in USD	3 Months to 30 September		3 Months to 30 September	
	2020	2019	2020	2019
Consultancy fees expense	-	-	-	-
Interest	1,884	-	1,884	-

#### **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 2020 are payments totalling \$4,212,439 and shares to a value of \$1,541,200 (2019: 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 2021 as part of the Group's capital raising plans, which include an IPO on the Australian Stock Exchange in 2020. As part of the IPO, all secured debts and remaining unsecured notes, including the Bridge Notes, will be exchanged for new post consolidation common shares in the Company.

#### **Outlook**

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

- Complete the IPO to raise A\$12m to A\$15m; and
- Recommence exploration and development activities at the Bau Gold Project following completion of the IPO.

## Selected Annual Information

in USD	Year Ended 30 June 2020	Year Ended 30 June 2019	Year Ended 30 June 2018
			(Restated)
Revenue	-	-	-
Net income & comprehensive income	(1,062,046)	(22,500,523)	(621,843)
Comprehensive income attributable to shareholders of the parent	(1,057,833)	(18,863,527)	(644,084)
Basic and Diluted earnings per share	(0.001)	(0.019)	(0.001)
Total Assets	17,605,914	17,586,915	50,984,214
Non-current liabilities	-	2,415,009	22,726,357
Cash dividends declared	-	-	-

The variances in Net income and comprehensive income are mainly due to impairment of the Mining asset of \$33,270,000 in the year ended 30 June 2019 and the revaluation of the Derivative liability.

## Summary of Quarterly Results

The following table sets out the selected quarterly financial information prepared in accordance with IFRS for each of the Group's last eight quarters

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net Income	(1,062,046)	(1,251,508)	576,055	(512,377)	(350,992)	(18,033,879)	(763,817)	1,453,777
Income Loss per share	(0.001)	(0.001)	0.000	(0.000)	(0.000)	(0.015)	(0.001)	0.001

There was no Revenue received during any of the quarters.

## 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

At the annual special meeting of shareholders dated September 10, 2020 shareholders approved the consolidation of the Company's capital on the basis of one post consolidation shares for every two hundred and fifty (250) pre consolidation shares or such lesser ratio as the board of directors of the Company approve. On November 23, 2020 the Company's directors approved a consolidation of the Company's capital on the basis of one post consolidation shares for every one hundred and thirty-seven point four seven (137.47) pre consolidation shares.

The Company now has issued and outstanding 8,764,770 shares (June 30, 2020: 1,204,892,898). The reduction in the number of shares outstanding since 30 June 2020 is due to the consolidation of the shares on 10 September 2020 and 23 November 2020.

No further shares have been issued as at the date of the approval of the MD&A.

### **Critical Accounting Estimates**

Information about significant areas of estimation uncertainty are considered by management in preparing the Audited Financial Statements is described in the Audited Consolidated Financial Statements for the year ended 30 June 2020 and Unaudited Condensed Interim Consolidated Financial Statements for the three months ended 30 September 2020.

### **Future accounting standards issued and adopted**

Several new but not yet effective Standards and amendments to existing standards and Interpretations have been published by the IASB and XRB. None of these Standards or amendments to the existing Standards have been adopted by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

### **Accounting Policies**

The accounting policies and methods of computation are described in the Audited Consolidated Financial Statements for the year 30 June 2020 and are consistent with those adopted for preparation of the Unaudited Condensed Interim Consolidated Financial Statements for the three months ended 30 September 2020.

### **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 2020 and Unaudited Condensed Interim Consolidated Financial Statements for the three months ended 30 September 2020.

### **Covid -19**

As Besra was not trading there has been little to no adverse effect on the operations of the Company as a result of Covid-19 however there may be possible adverse impacts when the Company recommences exploration activities proposed for 2021.

### **Subsequent events**

A central component of the Capital Restructuring is approval of the holders of 3% unsecured convertible notes (“Noteholders”) with a face value of CAD\$47,485,886 to be exchanged for new common shares in the Company. An information circular was distributed to Noteholders dated October 16, 2020 and subsequently a supplement to the circular was distributed to Noteholders dated November 10, 2020 seeking approval for the exchange of the notes in full for 70,000,000 new common shares in the Company (on a post consolidation basis). The meeting was due to be held on November 16, 2020 but was adjourned before considering the relevant resolution. The meeting is expected to be reconvened on November 30, 2020.

As part of the Reorganisation, the Company proposes to seek an extension to the maturity date of the Bridge Notes to February 28, 2021 to enable the completion of an IPO.

At the annual special meeting of shareholders dated September 10, 2020 shareholders approved the consolidation of the Company’s capital on the basis of one post consolidation shares for every two hundred and fifty (250) pre consolidation shares or such lesser ratio as the board of directors of the Company approve. However, on November 23, 2020 the Company’s directors approved a consolidation of the Company’s capital on the basis of one post consolidation shares for every one hundred and thirty-seven point four seven (137.47) pre consolidation shares.

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