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**BESRA GOLD INC**  
**ARBN 141 335 686**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION  
CIRCULAR**

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Notice is given that the Meeting will be held at:

**TIME:** 10:00 am Australian Eastern Standard Time

**DATE:** Tuesday, 25 July 2023

**PLACE:** Eora, Level 35 Tower Two, International Towers Sydney  
200 Barangaroo Avenue  
Barangaroo NSW 2000

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

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## NOTICE OF SPECIAL MEETING OF HOLDERS

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Notice is given that a special meeting (**Meeting**) of Besra Gold Inc (the **Company**) will be held on 25 July 2023, commencing at 10:00 am (AEST) and 24 July 2023, commencing at 8:00 pm Canada Eastern Standard Time. The Meeting will be held at Eora, Level 35 Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW 2000.

The record date for determining the Shareholders entitled to receive notice of and vote at the Meeting is the close of business on 19 June 2023 (Canada Eastern Standard Time) (**Record Date**). Only Shareholders whose names have been entered in the applicable register of Shareholders as of 5:00 p.m. (Canada Eastern Standard Time) on the Record Date are entitled to receive notice of and vote at the Meeting. Those Shareholders of record will be included in the list of Shareholders prepared as at the Record Date and will be entitled to vote the common shares of the Company (**Common Shares**) recorded therein at the Meeting.

Shareholders are encouraged to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, such proxy must be received from Shareholders of Common Shares by Computershare Investor Services Inc. (**Computershare Canada**), by 8:00 p.m. (Canada Eastern Standard Time) on 20 July, 2023 or two business days prior to the time of the reconvening of any adjournment or postponement of the Meeting. Holders of CDIs must lodge their Voting Instruction Form with Computershare Investor Services Pty Limited (**Computershare Australia**) by 5:00 p.m. (Australian Eastern Standard Time) on 19 July 2023.

If you are an non-registered holder of Common Shares and have received these materials through your broker, investment dealer, bank, trust corporation, trustee or other intermediary, please complete and return the form of proxy or Voting Instruction Form, as applicable, provided to you by your intermediary in accordance with the instructions provided therein.

If you require any assistance in completing your form of proxy, please contact Computershare Canada by calling toll free within North America at 1-800-564-6253 or by e-mail at [service@computershare.com](mailto:service@computershare.com).

Voting on all the Resolutions will be by way of a poll.

The Management Information Circular, Explanatory Memorandum, Proxy Form or a Voting Instruction Form, as applicable are part of the Notice.

Shareholders are encouraged to submit questions in advance of the Meeting by emailing questions to our Company Secretary, Mr Michael Higgison at [mike.higgison@inet.net.au](mailto:mike.higgison@inet.net.au) by Monday 24 July 2023.

Every Director and the auditor of the Company are entitled to receive notice of and attend the Meeting of Shareholders.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVALS OF THE QUANTUM TRANSACTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.1, Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions, and for all other purposes, approval is given for the Company to:*

- (a) establish the Drawdown Facility pursuant to the Facility Agreement;*
- (b) grant Security Interests over the Drawdown Account, all of the ordinary shares in the capital of North Borneo Gold Sdn Bhd held (indirectly) by the Company and the Gold Assets in favour of Quantum Metal Recovery Inc; and*
- (c) enter into and perform its obligations under the Drawdown Facility and the Specific Security Deed.”*

**Short Explanation:** The Company has entered into the Facility Agreement with Quantum Metal Recovery Inc. (**Quantum**), a substantial shareholder of the Company, for the provision of up to US\$300,000,000 gold pre-purchase drawdown and offtake funding. As such, pursuant to Listing Rule 10.1.1, the agreement to establish the Drawdown Facility under the Facility Agreement, and to grant the Security Interests listed above, must be approved by Shareholders of the Company in accordance with Listing Rule 10.1.

**Expert’s Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined that the transaction is fair and reasonable to the non-associated Shareholders in the Company.

Resolution 1 is a Quantum Essential Resolution, as such, if Resolution 1 is not passed, the Company will not be able to proceed with the Quantum Transaction.

**A voting exclusion statement applies to this Resolution. Please see below.**

Under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, approval for the transactions contemplated by the Facility Agreement must be obtained by “Disinterested Shareholders” (as defined in the accompanying Management Information Circular) present in person (including Disinterested Shareholders who attend the meeting virtually) or represented by proxy at the Meeting.

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#### 2. RESOLUTION 2 – APPROVAL OF THE ISSUE OF CDIS TO QUANTUM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 11,111,111 CDIs to Quantum Metal Recovery Inc. pursuant to the Facility Agreement.”*

Resolution 2 is a Quantum Essential Resolution, as such, if Resolution 2 is not passed, the Company will not be able to proceed with the Quantum Transaction.

A voting exclusion statement applies to this Resolution. Please see below.

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**3. RESOLUTION 3 – TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.17 and for all other purposes, approval is given for the Company to set the maximum total aggregate amount that may be paid to non-executive Directors as remuneration for their services in each financial year to be set at \$1,000,000 which may be divided among those non-executive Directors in the manner determined by the Board from time to time.”*

A voting exclusion statement applies to this Resolution. Please see below.

**By order of the Board**

**Mr Michael Higginson**  
**Company Secretary**

## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

<b>Resolution 1 – Approval of the Quantum Transaction</b>	Quantum Metal Recovery Inc (or any of its associates) or any other person who will obtain a material benefit as a result of the Quantum Transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates.
<b>Resolution 2 – Approval of the issue of CDIs to Quantum</b>	Quantum Metal Recovery Inc (or any of its associates) or any other person who will obtain a material benefit as a result of the Quantum Transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any of their associates.
<b>Resolution 3 – Total Aggregate Remuneration for Non-Executive Directors</b>	A Director or their associate(s).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## MANAGEMENT INFORMATION CIRCULAR

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This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Besra Gold Inc. (the **Company**) for use at the Meeting to be held on 25 July 2023 at 10:00 am (AEST) and 24 July 2023 at 8:00 pm Canada Eastern Standard Time for the purposes set forth in the accompanying Notice of Meeting.

While it is expected the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the Directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Management Information Circular have been approved by the Directors.

This Circular describes how registered and beneficial Shareholders may vote.

### Record Date and Shares Outstanding

19 June 2023 has been fixed by the Directors as the record date (**Record Date**) for the purpose of determining those Shareholders entitled to receive notice of, and to vote at, the Meeting.

As at the Record Date, there were 406,989,795 Common Shares issued and outstanding, including 403,325,020 CDIs that are tradeable on the Australian Securities Exchange (**ASX**).

To the knowledge of the Directors and senior officers of the Company, the only persons or companies who beneficially own, directly or indirectly or exercise control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company are:

Name	No. of Securities	Percentage
Pangaea Resources Ltd	67,266,812	16.53%
Quantum Metal Recovery Inc	113,827,145	27.97%

### Voting Information

If you are a registered Shareholder at the close of business on 19 June 2023, you, or the person you appoint as your proxyholder can attend and vote at the Meeting in person.

If you are a non-registered or beneficial Shareholder you have the ability to vote at the Meeting by providing voting instructions to your intermediary, or virtually as proxy for yourself.

### Registered or Non-Registered (beneficial) Shareholder

The voting process is different depending on whether you are a registered or a non-registered (beneficial) Shareholder.

A Registered Shareholder holds Common Shares of the Company directly in his/her own name and a share certificate has been issued.

A Non-Registered (beneficial) Shareholder has Common Shares that:

- (a) are registered in the name of an intermediary such as a bank, trust company, securities dealer or broker and trustee or administrators of self-administered plans; or
- (b) are registered in the name of a clearing agency or participant in a clearing agency, such as the Canadian Depository for Securities Limited in Canada; or
- (c) are traded on the ASX and therefore registered in the name of CHESSE Depository Nominees Pty Ltd. (**CDN**) in Australia.

If a Shareholder holds Common Shares with a broker, the Shareholder is a Non-Registered Shareholder.

### **Non-Registered (beneficial) Shareholder**

Non-Registered Shareholders in Australia hold Chess Depository Interests (**CDIs**), which are registered in the name of CDN. As the holders of CDIs are not the legal registered owners of the underlying Common Shares, CDN is entitled to vote at the Meeting on the instructions of the holder of the CDIs.

Holders of CDIs can expect to receive a Voting Instruction Form, together with the Meeting materials from Computershare Australia, the CDI Registry in Australia. The Voting Instruction Form is to be completed by holders of CDIs who wish to vote at the Meeting and returned to Computershare Australia in accordance with the instructions contained in the Voting Instruction Form. CDN is required to follow the voting instructions properly received from the holders of CDIs.

In Canada, there are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Company (called OBOs for Objecting Beneficial Owners) and those who do not object to the Company knowing who they are (called **NOBOs** for Non-Objecting Beneficial Owners).

### **Objecting Beneficial Owners (OBOs)**

In accordance with the requirements of National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (NI 54-101), the Company has distributed copies of the Meeting materials to the intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, intermediaries will use service companies such as Broadridge Investor Communications Corporation (Broadridge) to forward the Meeting materials to OBOs. With those Meeting materials, intermediaries or their service companies should provide OBOs with a request for Voting Instruction Form which, when properly completed and signed by such OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own. The Company intends to pay for intermediaries to deliver the Meeting materials to OBOs. Please return your voting instructions as specified in the request for voting instructions.

### **Non-Objecting Beneficial Owners (NOBOs)**

The Company takes advantage of certain provisions of NI 54-101, which permits the Company to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them and therefore NOBOs can expect to receive a scannable Voting Instruction Form together with the Meeting materials from Broadridge, the approved intermediary for mailing proxy-related materials to be beneficial owners (both objecting and non-objecting).

The voting instruction form is to be completed and returned to Broadridge and Broadridge is required to follow the voting instructions properly received from NOBOs. Broadridge will tabulate the results of the Voting Instruction Forms received from NOBOs and will provide appropriate instructions to our transfer agent, Computershare Canada, with respect to the Common Shares represented by the Voting Instruction Forms they receive.

### **Voting in advance of the Meeting**

Shareholders are encouraged to vote in advance.

### **Registered Shareholders**

Registered Shareholders who cannot attend the Meeting in person may vote by proxy or appoint a proxyholder to attend and vote during the Meeting on their behalf.

Proxies must be received at the office of Computershare Investor Services Inc. Proxy Dept. 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 Canada, not less than 48 hours prior to the Meeting (excluding Saturdays, Sundays and holidays) in accordance with the instructions contained in the proxy form.

### **Non-Registered Shareholders**

Non-Registered Holders who have not waived the right to receive the meeting materials will either:

- (a) receive a form of proxy which has already been signed by the intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder, but which is otherwise not completed; or
- (b) more typically receive a Voting Instruction Form which is not signed by the intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the intermediary or its service company, will constitute authority and instructions (proxy authorisation form) which the intermediary must follow.

In summary:

- (a) Canadian Registered Shareholder will provide voting instructions by lodging a proxy form.
- (b) Canadian Non-Objecting Beneficial Owners will provide voting instructions by lodging a Voting Instruction Form; and
- (c) Australian Non-Registered Shareholder with CDI's trading on ASX will provide voting instructions by lodging CDI Voting Instruction Form received from Computershare Australia. CDN is required to follow the voting instructions properly received from holders of CDIs.

### **Appointment of a proxy as a Registered Shareholder**

A Registered Shareholder has the right to designate a person (who need not be a Shareholder), other than the Management Designees as named in the accompanying proxy form to attend and vote on behalf of the Shareholder at the Meeting.

- (a) If a Management Designees is appointed and voting instructions are not indicated, the Management Designees will vote the shares in accordance with the Board recommendations, which is "For" all resolutions.
- (b) If a proxyholder other than the Management Designees is appointed, that proxyholder must attend the Meeting for the vote to be counted.
- (c) If a third-party proxyholder is to be appointed, the Registered Shareholder must submit their proxy form prior to registering the proxyholder in accordance with the instructions contained therein.

### **Appointment of a proxy as a Non-Registered Shareholder**

If Computershare Canada or the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to Common Shares beneficially owned by such NOBO, the Company must arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those Common Shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the Meeting and any adjournment or postponement of the Meeting.

If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder.



The intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's Common Shares. Under NI 54-101, unless corporate law does not allow it, if the intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the intermediary (who is the registered Shareholder) in respect of all matters that come before the Meeting and any adjournment or postponement of the Meeting. An intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder.

Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the form of proxy.

### **Voting of Proxies**

The shares represented by a properly executed proxy in favour of persons proposed by Management as proxyholders in the accompanying form of proxy will:

- (a) be voted for or against or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any poll that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

On a poll, such shares will be voted IN FAVOUR of each matter for which no choice has been specified or where both choices have been specified by the Shareholder.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **Voting at the Meeting**

Voting on all the Resolutions will be by way of a poll.

### **Revocation of Proxies**

Unless you are a holder of CDIs, a Shareholder can change or revoke their vote. If a Registered Shareholder attends the Meeting and vote the shares on any resolutions, the Registered Shareholder will be deemed to have revoked any prior proxy or voting instruction on all matters.

The revocation is by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 67 Yonge Street, Suite 701, Toronto, Ontario Canada M5E 1J8, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTION 1 – APPROVALS OF THE QUANTUM TRANSACTION

#### 1.1 Background to Resolutions 1 and 2

The Company was approached by Quantum Metal Recovery Inc. (**Quantum**) in August 2022 (after it had become a substantial shareholder of the Company) with a proposal to enter into a transaction analogous to forward gold selling by the Company, with the purpose of Quantum ultimately receiving bullion on behalf of its clients. The Company undertook modelling and discussion at Board level before preparing a draft non-binding terms sheet, which was presented through corporate advisor, Nobleman Ventures Pty Ltd, to Quantum on 9 September 2022. From that time there were a number discussions held both directly with Quantum and through the corporate advisor, leading to further iterations of the terms sheet until the final terms sheet was negotiated, signed and announced to ASX on 21 March 2023.

As Quantum does not have Board representation, it was considered unnecessary by the Board to establish an independent committee to consider the transaction. The Company's process involving financial modelling, risk assessment, investigation and drafting was undertaken by management with the assistance of external financial, legal and markets advice. That advice confirmed the transaction to be superior to traditional equity project finance or streaming transactions. The potential transaction was discussed at Board meetings on several occasions.

On 8 May 2023, the Company entered into a formal binding facility agreement with Quantum to give effect to the terms of the non-binding terms sheet (**Facility Agreement**) pursuant to which Quantum agreed (subject to the satisfaction of various conditions precedent) to provide to the Company up to a US\$300,000,000 gold offtake drawdown facility (**Drawdown Facility**) (refer to the Company's announcement dated 9 May 2023). Pursuant to the Facility Agreement, Quantum may provide up to US\$10,000,000 in funding per month (in addition to an initial deposit of US\$5,000,000, which has already been paid by Quantum) up to the amount of the Drawdown Facility, payable into a drawdown account controlled by the Company (**Drawdown Account**).

In consideration for the Drawdown Facility, the Company has agreed to:

- (a) deliver to Quantum up to 3,000,000 ounces of future gold produced from the Company's Projects, with deliveries to be made from all gold produced up to 25,000 ounces, 80% of all gold produced from 25,001 to 120,000 ounces and thereafter 65% of all gold produced (**Gold Assets**). Quantum shall secure these rights to the Company's future gold production in relation to the specific amounts received by the Company into the Drawdown Account;
- (b) grant in favour of Quantum enforceable security over:
  - (i) the Drawdown Account, pursuant to the Specific Security Deed;
  - (ii) all of the ordinary shares in the capital of North Borneo Gold Sdn Bhd (**Subsidiary**) held (indirectly) by the Company (**Subsidiary**)

**Shares**) on or before the date which is 130 Business Days from the date on which the Conditions Precedent (defined below) are satisfied; and

(iii) the Tenements on a 'best endeavours' basis,

(each a **Security Interest** and together, the **Security Interests**); and

(c) pay to Quantum an offtake fee of A\$1,000,000 (**Offtake Fee**) to be satisfied by the issue of 11,111,111 CDIs to Quantum at a deemed issue price of \$0.09 per CDI (refer Resolution 2).

The payment of funds by Quantum in accordance with the Drawdown Facility is conditional upon the satisfaction of the following conditions precedent on or before the date which is 85 Business Days from the date of the Facility Agreement (or such other date as agreed between the parties):

- (a) the Company obtaining all required Board approvals and Shareholder approvals to enter into the transactions the subject of the Facility Agreement, including Shareholder approval under Listing Rules 10.1 and 10.11;
- (b) the Company complying with all requirements of the CBCA and the Listing Rules in respect of the transactions the subject of the Facility Agreement;
- (c) the Company receiving all required approvals from any Government Agency in Australia, Canada, Samoa or Malaysia, including from the ASX and under the CBCA, in respect of the transactions the subject of the Facility Agreement;
- (d) Quantum and the Company having completed their own satisfactory tax due diligence on the Quantum Transaction Documents;
- (e) Quantum having received the Specific Security Deed duly executed by Besra Gold Australia Pty Ltd (a wholly-owned subsidiary of the Company); and
- (f) Quantum having completed its own satisfactory due diligence in respect of the ownership structure of the Subsidiary and the Tenements,

(together, the **Conditions Precedent**).

If the Company fails to perform its obligations under the Facility Agreement or an insolvency event occurs in relation to the Company or the Subsidiary (**Event of Default**) and such Event of Default is continuing, Quantum may take any of the following actions:

- (a) enforce its Security Interest over the Drawdown Account in accordance with the terms of the Specific Security Deed; and
- (b) terminate the Facility Agreement and each contract note provided to Quantum by the Company (if any) for each periodic delivery of refined gold by the Company, upon which an early termination amount will be payable (**Early Termination Amount**). The Early Termination Amount is calculated and payable in accordance with the form of close out mechanics used in the ISDA Master Agreement, which require Quantum

to be acting in good faith and use commercially reasonable procedures to produce a commercially reasonable result.

Under the Specific Security Deed, the Company is prohibited from disposing of the Drawdown Account or encumbering it in any way until the Security Interest is discharged. Where an Event of Default is subsisting, Quantum (as the secured party) may exercise its powers to seize and realise the funds in the Drawdown Account, among other things. The Specific Security Deed otherwise contains provisions that are considered to be standard for an agreement of its nature (including undertakings, representations and warranties and application of monies provisions).

A summary of the material terms of the Facility Agreement is set out in Schedule 1. The Facility Agreement is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **1.2 Purpose of the Drawdown Facility**

The Drawdown Facility is part of the Company's strategy to accelerate gold production at its Bau Project. The Drawdown Facility will enable the Company to update the feasibility study conducted in 2013 and fast track the Company's plans to begin pilot production in 2023. It will also allow the Company to focus on updating the quality and quantity of its JORC resources and reserves.

The Drawdown Facility will remove the Company's need for dilutive equity financing for project development and enable the Company to commence production at the Bau Project with little (if any) corporate debt.

## **1.3 General**

As outlined in Section 1.1, the Company has conditionally agreed to establish the Drawdown Facility as part of a gold purchase transaction pursuant to which the Company will deliver to Quantum the Gold Assets produced from any Project over a maximum period of 30 months. As part of the transaction, the Company has also agreed to grant the Security Interests in favour of Quantum.

For the purpose of Listing Rule 10.1, Quantum is considered to be a "person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder" of the Company by virtue of holding an interest of approximately 27.97 in the Company as at the date of this Notice.

A 'substantial asset' is an asset valued at greater than 5% of the equity interests of a company as set out in the latest accounts given to ASX under the Listing Rules. Based on the Company's December Quarter 2022 results lodged with the ASX on 3 March 2023, the Company's equity interests are \$22,401,318; 5% of this amount is \$1,120,066. Based on the December Quarter 2022 results, the value of the asset being sold (being the maximum amount of the Drawdown Facility) is greater than 5% of the equity interest of the Company (being \$22,401,318) and, as such, the Gold Assets constitute a "substantial asset" of the Company.

For the purposes of Listing Rule 10.1, the granting of security by an entity over any of its assets to secure a debt or obligation owing to a party captured under Listing Rule 10.1 is regarded as a disposal of those assets by the entity. As the Security Interests are to be granted over the Drawdown Account, all of the Subsidiary Shares and the Gold Assets, the total value of which exceeds 5% of the equity interests of the Company, Shareholder approval pursuant to Listing Rule 10.1 is also required in order to give effect to the Security Interests.

The sale of the Gold Assets (and corresponding establishment of the Drawdown Facility) and the grant of the Security Interests are collectively referred to in this Notice as the '**Quantum Transaction**'.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 10.1, M1 61-101, and all other purposes to enable the Company to complete the Quantum Transaction pursuant to the Facility Agreement.

Resolutions 1 and 2 are essential resolutions (**Quantum Essential Resolutions**) and each Quantum Essential Resolution is conditional on the passing of the other Quantum Essential Resolution. If either Quantum Essential Resolution is not passed, then the Company will not proceed with the Quantum Transaction.

#### **1.4 Listing Rule 10.1**

Listing Rule 10.1 provides that a listed entity must ensure that neither the listed entity, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company;
- 10.1.4 an associate of a person referred to in Listing Rule 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders,

unless it obtains the approval of its shareholders.

The Quantum Transaction falls within Listing Rule 10.1.3 and involves the disposal of a substantial asset. It therefore requires Shareholder approval under Listing Rule 10.1.

There are a number of exceptions to Listing Rule 10.1 under Listing Rule 10.3, none of which may be relied on by the Company in respect of Resolution 1.

#### **1.5 Technical information required by Listing Rule 10.5**

Pursuant to and in accordance with Listing Rule 10.5 the following information is provided in relation to Resolution 1:

- (a) the Company and Quantum have entered into the Facility Agreement pursuant to which the Company has agreed to deliver to Quantum the Gold Assets, establish the Drawdown Facility and grant the Security Interests over the Drawdown Account, all of the Subsidiary Shares and Tenements in favour of Quantum;
- (b) Quantum falls within the category of persons in Listing Rule 10.1.3. For the purpose of Listing Rule 10.1, Quantum is considered to be a substantial (10%+) holder of the Company by virtue of holding an interest of approximately 27.97% in the Common Shares as at the date of this Notice;

- (c) the assets being disposed of are the Gold Assets by way of delivery of those assets to Quantum over the term of the Facility Agreement as well as the granting of the Security Interests, which amount to a 'disposal' of a 'substantial asset' for the purposes of the Listing Rules;
- (d) the consideration for the delivery of the Gold Assets (and the granting of the Security Interests) is the Drawdown Facility;
- (e) the Drawdown Facility will be used by the Company for the following purposes:
  - (i) funding the development, construction, operation and commission of the Bau Project and / or any other Project of the Company or the Subsidiary;
  - (ii) renewal of the mining leases in respect of any Project;
  - (iii) exploration and mining activities and feasibility studies pursued with the intention of increasing the gold resources available to the Company and any of its subsidiaries;
  - (iv) mergers and acquisitions undertaken with the intention of increasing the gold resources available to the Company and any of its subsidiaries;
  - (v) gold treasury activities; and
  - (vi) corporate and working capital purposes (including the payment of all-in sustaining costs to produce gold);
- (f) a summary of the material terms of the Facility Agreement is set out in Schedule 1;
- (g) an indicative timetable for completing the Quantum Transaction is set out at Section 1.8 below;
- (h) a voting exclusion statement is included in Resolution 1 of this Notice; and
- (i) the Independent Expert's Report is included at Annexure A of the Notice.

## **1.6 Technical Information required by Listing Rule 14.1A**

### **(a) What will happen if Resolution 1 is not approved?**

In the event that Shareholder approval of Resolution 1 is not obtained, the Company will not proceed with the Quantum Transaction and the Company will be required to continue to focus on its current activities of exploration and furtherance of the pilot test production facility. The Company will need to raise further capital if it is to continue those activities.

### **(b) What will happen if Resolution 1 is approved and Resolution 2 is not approved?**

As noted in Section 1.3 above, Resolution 1 is conditional on Resolution 2, the other Quantum Essential Resolution, being approved by Shareholders. In the event that Shareholder approval of Resolution 1 is obtained but approval of the other Quantum Essential Resolution is not obtained, the

Company will not be able to proceed with the Quantum Transaction and the Company will be required to continue to focus on its current activities of exploration and furtherance of the pilot test production facility. The Company will need to raise further capital if it is to continue those activities.

(c) **What will happen if Resolution 1 and Resolution 2 are both approved?**

If Resolution 1 and Resolution 2 are both approved by Shareholders, the Company will establish the Drawdown Facility and grant the Security Interests in favour of Quantum as contemplated under the Facility Agreement. The Company will be able to proceed with the Quantum Transaction to completion, including issuing the CDIs in satisfaction of the Offtake Fee.

**1.7 Independent Expert's Report**

Listing Rule 10.5.10 requires a notice of meeting containing a resolution under Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (a copy of which is attached as Annexure A to this Notice) sets out a detailed independent examination of the Facility Agreement and the Quantum Transaction to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. The Independent Expert has concluded that the Quantum Transaction as contemplated by the Facility Agreement (is **fair and reasonable** to the non-associated Shareholders.

**Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology used to determine the fairness and reasonableness of the Quantum Transaction and the sources of information and assumptions made therein.**

**1.8 Indicative Timetable**

Event	Date
Company announced execution of the Terms Sheet	21 March 2023
Company entered into the Facility Agreement	7 May 2023
Company dispatches Notice of Meeting	27 June 2023
Shareholders approve the Quantum Transaction	25 July 2023
Fully operational Drawdown Facility	26 July 2023

The above dates are indicative only, are based on Australian Eastern Standard Time, and are subject to change at the Board's discretion in accordance with the Corporations Act and Listing Rules.

**1.9 Minority Shareholder Approval Pursuant to MI 61-101**

The transactions contemplated by the Facility Agreement are considered to be "related party transactions" under MI 61-101 by virtue of Quantum having beneficial ownership of over 10% of all the outstanding voting securities of the Company. As such, in order to proceed with the transactions contemplated by

the Facility Agreement, the Company is required to obtain a “formal valuation” and “minority approval” (each as defined in MI 61-101).

(a) **Disinterested Shareholders**

As a related party transaction, approval of Shareholders who are not interested parties as defined in MI 61-101 (**Disinterested Shareholders**) is required to approve the entering into of the Facility Agreement by way of an ordinary resolution. As a related party to the Company and a party to the Facility Agreement, Quantum is an interested party with respect to the Facility Agreement and is thus excluded from voting on Resolution 1 and Resolution 2, as are any related parties to Quantum and any joint actors with it in advancing the Facility Agreement, none of which would be included among the Disinterested Shareholders.

The number of votes attached to the securities that, to the knowledge of the Company after reasonable inquiry, will be excluded in determining whether minority approval for the Facility Agreement is obtained is equal to 113,827,145 votes, being the number of votes held by Quantum.

If the requisite approval of the Disinterested Shareholders is obtained, the transactions contemplated by the Facility Agreement may occur, subject to the receipt of all necessary regulatory approvals, including any required approvals of the ASX and the other conditions specified in the Facility Agreement.

(b) **Effects on the Company**

The transactions contemplated by the Facility Agreement are anticipated to have the following effects on the Company as a whole, which is not intended to be an exhaustive list:

- (i) *De-Risking Funding of Exploration and Development at the Bau Gold Project:* The Drawdown Facility consists of an up to US\$300 million gold pre-purchase and offtake drawdown funding facility that is intended to remove the need for dilutive equity financing and/or project/corporate debt encumbering the Company with hedging requirements and/or onerous covenants and is expected to be delivered at up to US\$10m/month. Quantum is one of the largest gold distributors in Malaysia. In its capacity as a bullion dealer (like all other dealers and brokers), Quantum conducts its business by linking bullion buyers with bullion sellers via, inter alia, its existing consignment agreements and bullion dealing networks. As such, Quantum's bullion acquisition obligations are matched by Quantum simultaneously putting in place back-to-back contracts or third-party purchase agreements sufficient to offset Quantum's bullion purchasing obligations. Accordingly, the Board views the Facility Agreement as substantially de-risking the further development of the Bau Gold Project.
- (ii) *Gold price fixed:* Gold delivered to Quantum under the Facility Agreement is fixed at the date of each drawdown at the price equal to the average gold price in US dollars quoted by the of the London Bullion Market Association over the five-trading day period preceding that day (subject to a floor price of 117.65% of the 'all-in sustaining cost to produce an ounce of gold' at the



time of delivery). The fixed price applies to all gold delivered to quantum pursuant to the following schedule:

- (A) all gold produced up to 25,000 ounces;
- (B) 80% of all gold produced from 25,001 to 120,000 ounces;  
and
- (C) thereafter 65% of all gold produced.

Accordingly, the Company may only take advantage of prevailing prices for gold produced outside of the schedule above, equating to 20% of all gold produced between 25,001 and 120,000 ounces and 35% of gold produced thereafter.

(c) **Effects on Interested Parties**

The effects of the Facility Agreement on the Company described above will have corresponding effects on Quantum. In addition, the transactions contemplated by the Facility Agreement are anticipated to have the following effects on Quantum, which is not intended to be an exhaustive list:

- (i) *Future Gold Purchases at a discount of 10%:* Gold delivered by the Company pursuant to its obligations under the Facility Agreement will be made upon a 'delivery payment' to the Company of the remaining 85% of the reference price payable therefore (being the discount of 10% and less the 5% prepaid deposit) at the time of delivery to Quantum of allocated ounces covered by the prior deposit payment.
- (ii) *Security Interests:* The Company's obligations to Quantum will be secured as described in Section 1.1 above.
- (iii) *Offtake Facility Fee:* In connection with the Facility Agreement, the Company has agreed to pay Quantum an offtake facility fee in the amount of A\$1,000,000, to be satisfied by the issuance to Quantum of 11,111,111 CDI's at an issuance price of A\$0.09 per CDI.

(d) **Certain Risks Associated with the Facility Agreement**

The Board of Directors has determined that it is in the best interests of the Company to proceed with the Facility Agreement; however, there are certain risks associated with the Facility Agreement, including, but not limited to the following:

- (i) *Maximum Drawdown Facility may not be reached:* From the date on which the conditions precedent have been satisfied under the Facility Agreement, Quantum will have the ability, and not the obligation, to make additional deposits of up to US\$10,000,000 per month into the Drawdown Account (**Further Deposit**) up to the maximum US\$300,000,000 Drawdown Facility. Accordingly, there is no guarantee that the Company will receive any or all Further Deposits or that the Company will receive the maximum US\$300,000,000 Drawdown Facility. In these circumstances, the Company may be required to seek

alternative funding to enable it to continue with its present exploration activities.

- (ii) *Fluctuations in gold price:* As noted at Section 1.9(b)(ii), the pricing of gold delivered to Quantum under the Facility Agreement is fixed as at the date on which the relevant Further Deposit is made into the Drawdown Account. There is a risk that the market price of gold will fluctuate from the date of the relevant Further Deposit such that the market price is higher than the price set under the Facility Agreement and the Company will therefore be bound to accept a lower price for its gold delivered than it may otherwise have been able to secure. This risk is minimised however by the fact that the price set under the Facility Agreement is subject to a floor price of 117.65% of the 'all-in sustaining cost to produce an ounce of gold' at the time of delivery).
- (iii) *Alternative agreement:* By locking in pricing for gold produced from the Bau Project, through contract notes entered into for every drawdown under the Facility, the Company loses the opportunity to enter into alternative agreements at advantageous prices in the future, should the opportunity arise (assuming 100% of the Company's gold is sold to Quantum). However, depending on future quantities produced from the Bau Project, the Company could have discretion to chose how it sells up to 35% of its production.

(e) **Formal Valuation Exemption**

The transactions contemplated by the Facility Agreement and by the Specific Security Agreement are not subject to the requirement to obtain a formal valuation pursuant to MI 61-101. Until such time as Gold Assets are to be delivered under the Facility Agreement, the transactions contemplated by the Facility Agreement and by the Specific Security Deed constitute borrowing transactions pursuant to paragraph (j) of the definition of "related party transaction" in MI 61-101, for which a formal valuation is not required. Once Gold Assets are delivered, the transactions contemplated by the Facility Agreement and by the Specific Security Deed are exempt from the formal valuation requirement of MI 61-101 pursuant to section 5.5(d)(i) as a sale contract of inventory in the ordinary course of the Company's business.

(f) **Board Approval of the Quantum Transaction**

The Board unanimously determined that the entering into the Facility Agreement was, and continues to be, in the best interests of the Company and accordingly, the Board recommends that the Shareholders vote FOR the Resolution 1 and Resolution 2 related to the transactions contemplated by the Facility Agreement.

In (i) determining that the entering into of the Facility Agreement is in the best interests of Shareholders, (ii) approving the entering into of the Facility Agreement, and (iii) recommending to the Shareholders that they vote to approve the Facility Agreement, the Board undertook a thorough review of, and carefully considered, the terms of the Facility Agreement, received the advice of legal counsel and considered a number of factors, including those listed below:

- (i) *Board Oversight.* The terms of the Facility Agreement are the result of an extensive negotiation process under the purview of the Board, with input from and consultation with its independent financial and legal advisors, on the one hand, and Quantum and its advisors on the other hand. Although the Board did not form a special committee of independent directors to consider the Quantum Transaction, it considered that such was not necessary because there are no Directors on the Board having conflicts of interest with respect to Quantum.
- (ii) *Independent Expert's Report.* The Expert provided the Independent Expert's Report that, subject to the assumptions, limitations and qualifications set forth therein, as of <\*> June, 2023, the Quantum Transaction is fair, from a financial point of view, to the Shareholders.
- (iii) *De-Risking Funding Required for the Exploration Development of the Bau Gold Project.* As noted above, the Facility Agreement is intended to remove the need for dilutive equity financing and/or project/corporate debt encumbering the Company with hedging requirements and/or onerous covenants.
- (iv) *Disinterested Shareholder Approval.* The transactions contemplated by the Facility Agreement is subject to minority Shareholder approval, excluding the votes required to be excluded under MI 61-101, including the votes in respect of Common Shares owned by, or over which control or direction is exercised, directly or indirectly, by Quantum.

The Board also considered a number of potential risks and potential negative factors in its deliberations relating to the entering into of the Facility Agreement, including the following:

- (i) *Completion Risk.* The Facility Agreement is subject to several conditions precedent, certain of which are outside the control of the Company and Quantum. There can be no assurances that the such conditions precedent will be satisfied and thus the Facility Agreement may not become effective on its terms, as negotiated, or at all. There are risks to the Company if the conditions precedent are not satisfied, including that: (i) the trading price of the Company's securities may decline, to the extent that market participants favourably viewed the Facility Agreement; (ii) the Company will have incurred significant costs in pursuing the Transaction; (iii) management of the Company has devoted significant time and attention to the Facility Agreement; (iv) the Company will be required to pursue alternative financing options which may not be available to the Company on equally favourable terms or at all.
- (ii) *Regulatory Approvals.* The potential risk of not obtaining or there being significant delay in obtaining certain consents, approvals or authorisations required to give effect to the Facility Agreement, including, without limitation, the approval of the Shareholders.

The above summary of the information and factors considered by the Board is not intended to be exhaustive, but includes a summary of the material information and factors considered by the Board in its

consideration of the Facility Agreement. In view of the variety of factors and the amount of information considered in connection with the Board's evaluation of the Facility Agreement, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its determination and recommendation. The Board's determination and recommendation is based upon the totality of the information presented and considered by it. The determination and recommendation of the Board was made after consideration of the factors noted above, other factors and in light of the Board's knowledge of the business, financial condition and prospects of the Company, and taking into account the advice of the Board's financial, legal and other advisors. Individual members of the Board may have assigned different weights to different factors.

**The Board has unanimously approved the Facility Agreement and recommends that Shareholders vote FOR Resolution 1 and Resolution 2 to give effect to the Facility Agreement. To be effective, in addition to any approval required under the Listing Rules, for the purposes of MI 61-101, Resolution 1 and Resolution 2 must each be approved by a majority of the votes cast by the Disinterested Shareholders who vote in respect of the ordinary resolution in person or represented by proxy at the Meeting in accordance with the provisions of the *Canada Business Corporations Act*.**

**Unless the Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against Resolution 1 and/or Resolution 2, the persons named in the enclosed form of proxy will vote FOR Resolution 1 and Resolution 2.**

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## **2. RESOLUTION 2 – APPROVAL OF THE ISSUE OF CDIS TO QUANTUM**

### **2.1 General**

As outlined in Section 1.1 above, the Company proposes to satisfy the Offtake Fee payable under the Facility Agreement via the issue of 11,111,111 CDIs to Quantum. Quantum Metal Exchange Inc. (the parent company of Quantum) is a substantial (10%+) holder of the Company and has an expectation that it will have a right to appoint a nominee director to the Board which has arisen out of the Quantum Transaction. As such, approval for the issue of CDIs to Quantum is required under Listing Rule 10.11.

The Company is now seeking Shareholder approval for the issue of 11,111,111 CDIs to Quantum under Listing Rule 10.11.

### **2.2 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to

a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the CDIs falls within Listing Rule 10.11.4 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 2 seeks the required Shareholder approval for the issue of CDIs to Quantum under and for the purposes of Listing Rule 10.11.

## **2.3 Technical information required by Listing Rule 14.1A**

### **(a) What will happen if Resolution 2 is not approved?**

As Resolution 2 is a Quantum Essential Resolution, if Resolution 2 is not approved by Shareholders, the Company will not be able to issue the CDIs in satisfaction of the Offtake Fee and will not be able to proceed with the Quantum Transaction and the Company will continue to focus on its current activities of exploration and furtherance of the pilot test production facility. The Company will need to raise further capital if it is to continue those activities..

### **(b) What will happen if Resolution 2 is approved and Resolution 1 is not approved?**

As noted in Section 1.3 above, Resolution 2, being a Quantum Essential Resolution, is conditional on Resolution 1 being approved by Shareholders. In the event that Shareholder approval of Resolution 2 is obtained but approval of Resolution 1 is not obtained, the Company will not be able to issue the CDIs in satisfaction of the Offtake Fee and will not be able to proceed with the Quantum Transaction and the Company will continue to focus on its current activities of exploration and furtherance of the pilot test production facility. The Company will need to raise further capital if it is to continue those activities.

### **(c) What will happen if Resolution 1 and Resolution 2 are both approved?**

If Resolutions 1 and 2 are approved by Shareholders the Company will establish the Drawdown Facility and grant the Security Interests in favour of Quantum as contemplated under the Facility Agreement. The Company will be able to proceed with the Quantum Transaction to completion and issue the CDIs in satisfaction of the Offtake Fee.

## **2.4 Technical information required by Listing Rule 10.13**

Pursuant to and in accordance with the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issue of CDIs:

- (a) the CDIs will be issued to Quantum which falls within the category set out in Listing Rule 10.11.4 by virtue of Quantum being an 'associate' of Quantum Metal Exchange Inc. (the parent company of Quantum), which is a substantial (10%+) holder of the Company that has an expectation that it will have a right to appoint a nominee director to the Board in connection with the Quantum Transaction and, accordingly, an entity that falls under Listing Rule 10.11.3;
- (b) a maximum of 11,111,111 CDIs will be issued under Resolution 2;
- (c) the CDIs will be issued on the same terms and conditions as the Company's existing CDIs (which are not subject to escrow subscriptions). A summary of the rights and liabilities attaching to the Company's existing CDIs is set out in Schedule 2;
- (d) the CDIs will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the CDIs will be issued on the same date;
- (e) the CDIs will be issued by the Company in satisfaction of the Offtake Fee payable under the Facility Agreement, at a deemed issue price of A\$0.09 per CDI (**Offtake Fee Shares**). The Offtake Fee Shares form part of the consideration payable for the for the Drawdown Facility;
- (f) the purpose of the issue of the CDIs is to satisfy the Company's obligations under the Facility Agreement;
- (g) the issue of the CDIs is not intended to remunerate or incentivise a Director;
- (h) the CDIs are being issued to Quantum in accordance with the Facility Agreement, a summary of the material terms of which is set out in Schedule 1; and
- (i) a voting exclusion statement is included in Resolution 2 of the Notice.

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### **3. RESOLUTION 3 – TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS**

#### **3.1 General**

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

The Company's Articles and the By-Laws do not specify a maximum aggregate amount of fees payable to the non-executive Directors, nor has the Company set

such an amount by resolution of its Shareholders. Resolution 3 seeks Shareholder approval for the purposes of being in compliance with Listing Rule 10.17 to set the total aggregate amount of fees payable to non-executive Directors to \$1,000,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

### **3.2 Technical information required by Listing Rule 10.17**

If Resolution 3 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will be set at \$1,000,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 3 is not passed, the Company will be required to evaluate alternative methods for remunerating the non-executive Directors, such as via the issue of Securities.

In the past 3 years, the Company has issued an aggregate of 1,317,333 CDIs to non-executive Directors pursuant to Listing Rules 10.11 and 10.14, all of which were issued to Mr Jon Morda during this period.

### **3.3 Board Recommendation**

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## **4. GENERAL DISCLOSURE**

### **4.1 Interests of Informed Persons in Material Transactions**

For the purpose of this Circular, an "Informed Person" of the Company means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or Company that is itself an Informed Person or subsidiary of the Company; (c) any person or Company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or Company as underwriter in the course of a distribution; and (d) the Company, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the knowledge of the Company, no Informed Person of the Company, and no associate or affiliate of any such person, at any time, has or had any material

interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction that has materially affected the Company, in any proposed transaction that could materially affect the Company, or in any matter to be acted upon at the Meeting, except as disclosed elsewhere in this Circular.

#### **4.2 Available Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year.

Shareholders may request copies of the Company's financial statements and management's discussion and analysis by contacting the Company at [mike.higginson@iinet.net.au](mailto:mike.higginson@iinet.net.au).

#### **4.3 Other Matters**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Special Meeting of Shareholders. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the securities represented thereby in accordance with their best judgment on such matter.

#### **4.4 Directors' Approval**

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED: June 19, 2023

**BY ORDER OF THE BOARD OF DIRECTORS OF BESRA GOLD INC.**

(signed)

Jocelyn Bennett

Chair of the Board



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## GLOSSARY

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**\$** means Australian dollars.

**ADI** means an authorised deposit-taking institution.

**AEST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

**Account Control Deed** means an account control deed to be entered into between the Company, Quantum and the ADI with which the Drawdown Account is held.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Bau Project** means the gold project known as the 'Bau Goldfield' located in Sarawak, East Malaysia.

**Board** means the current board of directors of the Company.

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in Sydney, Australia and Penang, Malaysia.

**CBCA** means the Canada Business Corporations Act.

**CDI** or **CDIs** means CHESS depositary interest(s) in the Company.

**CDN** means CHESS Depositary Nominees Pty Ltd.

**Chair** means the chair of the Meeting.

**Common Share** means the common shares in the capital of the Company.

**Company** means Besra Gold Inc (ARBN 141 335 686).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Drawdown Account** has the meaning given to it in Section 1.1.

**Drawdown Facility** means the US\$300,000,000 gold offtake drawdown facility to be established by the Company pursuant to the Facility Agreement, as defined in Section 1.1.

**Directors** means the current directors of the Company.

**Expert** means BDO Corporate Finance (WA) Pty Ltd.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Facility Agreement** means the gold purchase agreement between the Company, Quantum and the Subsidiary dated 8 May 2023.

**Gold Assets** has the meaning given to it in Section 1.1.

**Government Agency** means any government or any governmental, semi governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or entity.

**Independent Expert** means BDO Corporate Finance (WA) Pty Ltd.

**Independent Expert's Report** means the report prepared by the Independent Expert in accordance with the Listing Rules.

**ISDA Master Agreement** means the 2002 Master Agreement published by the International Swaps and Derivatives Association, Inc.

**Listing Rules** means the Listing Rules of ASX.

**Management Information Circular** or **Circular** means the management information circular accompanying this Notice.

**Meeting** means the meeting convened by the Notice.

**MI 61-101** means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* adopted by certain members of the Canadian Securities Administrators.

**Notice** means the notice of meeting including the (Explanatory Statement and the Proxy Form) accompanying this Circular.

**Offtake Fee** has the meaning given to it in Section 1.1.

**Performance Right** means a performance right convertible into a CDI.

**Project** means any project held by the Company from time to time, including the Bau Project.

**Proxy Form** means the proxy form accompanying the Notice.

**Quantum** means Quantum Metal Recovery Inc., a company incorporated in Delaware, United States of America.

**Quantum Essential Resolution** has the meaning given to it in Section 1.3.

**Quantum Transaction** has the meaning given in Section 1.3.

**CDI Registry** means the Company's CDI registry, being Computershare Investor Services Pty Limited.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Securities** means CDIs, Common Shares and / or Performance Rights, as the context requires and **Security** means any one of them.

**Security Interests** has the meaning given to it in Section 1.1.

**Shareholder** means a registered holder of a Common Share or CDI.

**Specific Security Deed** means a separate security deed to be entered into between the Company and Quantum pursuant to which the Company shall grant a first ranking security over the Drawdown Account in favour of Quantum.

**Subsidiary** means North Borneo Gold Sdn Bhd, a company incorporated in the Malaysian Federation State of Sarawak, which is a 97.78% owned subsidiary of the Company.

**Subsidiary Shares** means all of the ordinary shares in the capital of the Subsidiary held by the Company.

**Tenements** means any mining tenements required for the implementation and operation of the Bau Project or which is required to be used for infrastructure for, or access to, the Bau Project.

**Transaction Documents** means:

- (a) the Facility Agreement;
- (b) the Security Interests; and
- (c) the Account Control Deed.

## SCHEDULE 1 – SUMMARY OF THE FACILITY AGREEMENT

<b>Binding Gold Purchase Agreement</b>	<p>Besra Gold Inc (ASX:BEZ) (ARBN 141 335 686) (<b>Besra</b> or the <b>Company</b>) and its 97.78% owned Malaysian subsidiary North Borneo Gold Sdn Bhd (<b>Subsidiary</b>) entered into a legally binding gold purchase agreement (<b>Facility Agreement</b>) with the Company's major shareholder, Quantum Metal Recovery Limited (<b>Quantum</b>), giving effect to the non-binding term sheet announced on 21 March 2023.</p>
<b>Sale of Gold Assets and Facility</b>	<p>(a) The Company has agreed to sell to Quantum a quantity of refined gold from the Bau Project (or any other gold project held by the Company or its subsidiaries at any time) until:</p> <ul style="list-style-type: none"> <li>(i) 3,000,000 ounces of refined gold has been received by Quantum; or</li> <li>(ii) aggregate deposits in an amount equivalent to US\$300,000,000 (the <b>Facility</b>) have been received by the Company from Quantum.</li> </ul> <p>(b) Quantum may provide up to US\$10,000,000 in funding per month (in addition to an initial deposit of US\$5,000,000, which has been paid by Quantum (<b>Initial Deposit</b>)) up to the amount of the Facility, payable into a drawdown account controlled by Besra Gold Australia Pty Ltd, a wholly-owned subsidiary of the Company (<b>Drawdown Account</b>).</p>
<b>Delivery and payment</b>	<p>(a) Quantum will secure rights to the Company's future gold production only in relation to the specific amounts received in the Drawdown Account.</p> <p>(b) On and from the date on which the Conditions Precedent satisfied, Quantum may make further deposits into the Drawdown Account (in addition to the Initial Deposit) (<b>Further Deposits</b>) equal to 5% of the reference price, which is set at the time of each deposit and is the price equal to the average gold price in US dollars quoted by the of the London Bullion Market Association over the five trading day period preceding that day and is subject to a floor price of 117.65% of the 'all-in sustaining cost to produce an ounce of gold' at the time of delivery (<b>Purchase Price</b>).</p> <p>(c) The Further Deposits must not exceed (in aggregate) US\$10,000,000 per month up to the maximum deposit limit of US\$300,000,000.</p> <p>(d) The Company will advise Quantum prior to the delivery date the number of ounces of refined gold that will be delivered to Quantum and issue an invoice to Quantum setting out these details and the total Purchase Price payable.</p> <p>(e) On each delivery date, Quantum must pay the Purchase Price set out in each invoice to the Company, less a predetermined 10% discount, by:</p> <ul style="list-style-type: none"> <li>(iii) crediting the Further Deposit against the applicable Purchase Price; and</li> <li>(iv) paying the remaining 85% of the Purchase Price (being the discount of 10% and less the 5% prepaid deposit) at the time of delivery to Quantum of</li> </ul>

	<p>allocated ounces covered by the prior Further Deposit payment.</p> <p>(f) Deliveries to are to be made to Quantum according to the following schedule:</p> <ul style="list-style-type: none"> <li>(i) all gold produced up to 25,000 ounces;</li> <li>(ii) 80% of all gold produced from 25,001 to 120,000 ounces; and</li> <li>(iii) thereafter 65% of all gold produced.</li> </ul>
<p><b>Conditions Precedent</b></p>	<p>The Facility is conditional upon the following Conditions Precedent being satisfied within 85 Business Days of the after the date of the Facility Agreement (or such longer period as may reasonably be required):</p> <ul style="list-style-type: none"> <li>(a) completion of security documentation (<b>Security</b>) (see below);</li> <li>(b) shareholder approvals in accordance with Listing Rule 10.1 for both the Facility and the Security (BDO Corporate Finance (WA) Pty Ltd has been engaged to provide an independent expert's report on the Facility Agreement);</li> <li>(c) ASX and Canadian Business Corporations ACT (<b>CBCA</b>) regulatory compliance and/or approvals.</li> </ul>
<p><b>Use of deposits</b></p>	<p>The funds raised are to be used for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) funding the development, construction, operation and commissioning of the Bau Project and/or any other project of the Company or the Subsidiary (including associated infrastructure and access) (<b>Project</b>);</li> <li>(b) renewal of mining leases in respect of any Project;</li> <li>(c) exploration and mining activities and feasibility studies pursued with the intention of increasing the gold resources available to the Company and its subsidiaries;</li> <li>(d) mergers and acquisitions undertaken with the intention of increasing the gold resources available to the Company and its subsidiaries;</li> <li>(e) gold treasury activities; and</li> <li>(f) corporate and working capital purposes (including the payment of all-in sustaining costs to produce gold).</li> </ul>
<p><b>Offtake Facility Fee</b></p>	<ul style="list-style-type: none"> <li>(a) The Company has agreed to pay Quantum an offtake facility fee in the amount of A\$1,000,000, to be satisfied by issue to Quantum of 11,111,111 CDI's at issue price of A\$0.09 per CDI.</li> <li>(b) The CDI's are to be issued to Quantum within 10 Business Days of all Conditions Precedent being satisfied.</li> </ul>
<p><b>Guarantee and Security</b></p>	<p>The Subsidiary is to provide an upstream guarantee in respect of the obligations of the Company (whose obligations are provided on a limited recourse basis) under the Facility Agreement. Subject to the receipt of shareholder approval, Security will be provided to Quantum over the Company's indirect shareholding in the Subsidiary, its interest in the tenements comprising the Bau Project and a bank</p>

	account into which deposits in respect of gold purchased will be remitted to by Quantum.
<b>Term</b>	<p>The term commences on the date of the Facility Agreement, and continues until the earlier of the following:</p> <ul style="list-style-type: none"> <li>(a) the date on which the Company has delivered and sold to Quantum, 3,000,000 ounces of refined gold which Quantum has the right to purchase under the Facility Agreement and Quantum has purchased and paid for such refined gold;</li> <li>(b) a party gives notice in writing electing to terminate the Facility Agreement as a result of the Conditions Precedent not being satisfied or waived in full on or before the date which is 85 Business Days after the date of the Facility Agreement;</li> <li>(c) the parties all agree in writing to terminate the Facility Agreement;</li> <li>(d) the Company terminates the Facility Agreement if either: <ul style="list-style-type: none"> <li>(i) 2 years has elapsed from the date the Conditions Precedent are satisfied, or</li> <li>(ii) deposits totalling US\$240,000,000 have been received by the Company;</li> </ul> </li> <li>(e) Quantum terminates the Facility Agreement if the Company fails to deliver refined gold within 5 Business Days of which the date on which sale and delivery is required;</li> <li>(f) the Company terminates the Facility Agreement if Quantum fails to pay any part of the purchase price for the refined gold;</li> <li>(g) either party fails to perform any other undertaking or obligation under the Facility Agreement and where that failure is remediable, either party (as applicable) does not remedy that failure within 55 business of the giving of notice;</li> <li>(h) if a provision of a Transaction Document is or becomes or is claimed by either party to be wholly or partially invalid, void, voidable or unenforceable in any material respect and where remedial, is not remedied within 55 business days;</li> <li>(i) an insolvency event occurs in respect of the Company or Quantum;</li> <li>(j) a change of control of the Company or the Subsidiary occurs; or</li> <li>(k) Quantum terminates if the Bau Project doesn't produce gold in mineral concentrate by no later than 31 December 2023.</li> </ul> <p>Where the Facility Agreement is terminated in accordance with paragraphs (d), (g) (where the failure to perform is by Quantum), (i) or (j) above, Quantum must be paid in cash or gold a US dollar amount equal to ounces yet to be delivered multiplied by the reference price as at the date on which a notice of termination is provided to Quantum, minus an amount equal to 85% of the aggregate of each reference price set out in each drawdown for ounces which have not yet been delivered.</p>

**Other obligations**

The Company, during the term of the Facility Agreement, has undertaken to:

- (a) diligently construct, develop, equip, operate and maintain the Bau Project in accordance with good operating practice; and
- (b) provide Quantum with a copy of a resource statement annually (or at such other intervals agreed between the parties).

All other terms and conditions of the Facility Agreement are considered standard for an agreement of this nature.

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## **SCHEDULE 2 – RIGHTS AND LIABILITIES ATTACHING TO CDIS**

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A summary of the key rights attaching to CDIs (including CDIs) is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of CDI holders. To obtain such a statement, eligible Shareholders should seek independent legal advice.

The ASX Settlement Operating Rules contain provisions designed to ensure that holders of CDIs have all the direct economic benefits of holding the underlying securities (in the case of the Company, these are Common Shares). CDI holders have all the same rights as holders of Common Shares registered in their name.

The rights and liabilities attaching to the Common Shares (being the underlying securities to the CDIs) in the Company are set out in the Articles and By-Laws of the Company (a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours, [www2.asx.com.au](http://www2.asx.com.au) or the Company's website at [www.besra.com](http://www.besra.com)) and in certain circumstances, regulated by the CBCA, other applicable Canadian laws, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the New CDIs. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders and CDI holders in the Company. To obtain such a statement, persons should seek independent legal advice.

### **1. Voting**

Because holders of CDIs do not appear on the Company's securities register, they are not entitled to vote at Securityholder meetings. However, the ASX Settlement Operating Rules require the Company to send notices of Securityholder meetings to each CDI holder at the address recorded on the CDI register if any Securityholder meeting is convened.

In order to vote at such meetings, CDI holders have the following options:

- (a) instructing CDN, as the legal owner, to vote the Common Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the CDI Registry prior to the meeting; or
- (b) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Common Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or
- (c) converting their CDIs into a holding of Common Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Common Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting.

As each CDI represents one Common Share, a CDI holder will be entitled to one vote for every CDI they hold.



Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company. The notice will provide the CDI holder with information on how to direct CDN to cast proxy votes according to the wishes of the CDI holder for whom it holds the CDIs. The Company is obliged to collect and process these directions. CDN is required to vote in accordance with the instructions it receives from CDI holders.

These voting rights exist under the ASX Settlement Operating Rules. Since CDN is the legal holder of the applicable Common Shares and the holders of CDIs are not themselves the legal holder of their applicable Common Shares, the holders of CDIs do not have any directly enforceable rights under the Company's Articles and By-Laws.

## **2. Dividend rights and other entitlements**

Subject to the CBCA (including a statutorily prescribed test as to insolvency), the ASX Listing Rules, the Articles and the By-Laws, holders of Common Shares are entitled to receive dividends on a per Common Share basis as and when declared by the Directors on the Shares as a class, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Company.

Despite legal title to the Common Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Common Shares. These include dividends and other entitlements which attach to the underlying Common Shares. These rights exist only under the ASX Settlement Operating Rules (which have the force of law by virtue of the Corporations Act).

Where a dividend or cash distribution is made in a currency other than Australian dollars, it will be converted into Australian dollars. The payment will then be made to CDI holders in Australian dollars in accordance with each CDI holder's entitlement.

## **3. Winding Up**

In the event of a winding up, once all the liabilities of the Company have been met subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, shareholders shall receive the remaining property of the Company in equal rank with the holders of all other Shares in the Company.

## **4. Takeovers**

If any takeover bid is made in respect of any of the Common Shares, it is expected that corresponding bids are made directly to the CDI holders to acquire their CDIs. CDN is prohibited from accepting the offer made under the takeover bid except to the extent that acceptance is authorised by the CDI holders in accordance with the ASX Settlement

Operating Rules. CDN must accept a takeover offer if a holder of CDIs instructs it to do so in respect of the Common Shares underlying those CDIs. These rights exist only under the ASX Settlement Operating Rules.

## **5. Notices and announcements that CDI holders receive**

CDI holders will receive all notices and company announcements (such as annual reports) that Securityholders are entitled to receive from the Company. These rights exist only under the ASX Settlement Operating Rules.

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**ANNEXURE A – INDEPENDENT EXPERT’S REPORT – QUANTUM  
TRANSACTION**

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**BESRA GOLD INC**  
**Independent Expert's Report**

**OPINIONS:**

**The Proposed Drawdown Facility: Fair and Reasonable**

**The Security Transaction: Fair and Reasonable**

**20 June 2023**



## Financial Services Guide

20 June 2023

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Besra Gold Inc ('Besra' or the 'the Company') to provide an independent expert's report ('IER') on the proposal to enter into a US\$300 million gold pre-purchase drawdown and offtake funding agreement with Quantum Metal Recovery Inc ('Quantum') ('Proposed Drawdown Facility'). Besra has also agreed to grant in favour of Quantum a first ranking charge over the drawdown account (being the account the drawdown funds are paid into), the shares in North Borneo Gold Sdn Bhd (a 97.78% owned subsidiary) held by the Company ('Subsidiary Shares') and the tenements comprising Besra's Bau Gold Project ('Tenements') ('Security Interest'). BDO has been appointed by the Directors of Besra to prepare an IER expressing our opinion as to whether or not the Proposed Drawdown Facility and grant of Security Interest is fair and reasonable to the registered and non-registered (beneficial) shareholders ('Shareholders') of Besra in respect of Australian Securities Exchange ('ASX') Listing Rule 10.1 for both the Proposed Transaction and the Security Interest. You are being provided with a copy of our Report because you are a Shareholder of Besra and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our Report and this FSG accompanies the Notice of Meeting required to be provided to you by Besra to assist you in deciding on whether or not to approve the proposal.

### Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this Report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our Report you should seek professional financial advice.

## **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$40,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report and our directors do not hold any shares in Besra.

## **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Besra for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

## **Referral to External Dispute Resolution Scheme**

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	<a href="http://www.afca.org.au">www.afca.org.au</a>
Email:	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
Interpreter Service:	131 450

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Comparable Company Analysis

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20 June 2023

The Directors  
Besra Gold Inc  
45 Ventnor Avenue  
West Perth WA 6005

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 21 March 2023, Besra Gold Inc ('Besra' or 'the Company') announced that it had entered into a non-binding term sheet for the provision of up to a US\$300 million gold pre-purchase and offtake funding facility with Quantum Metal Recovery Inc ('Quantum') ('Proposed Drawdown Facility'). On 9 May 2023, the Company announced that it and its 97.78% owned Malaysian subsidiary North Borneo Gold Sdn Bhd ('NBG') had entered into a legally binding Gold Purchase Agreement with Quantum, giving effect to the non-binding term sheet.

The Proposed Drawdown Facility is for up to three million ounces of refined gold from Besra's Bau Gold Project (or any other gold project held by the Company or its subsidiaries at any time), at the reference price, less a predetermined 10% discount. The reference price is set at the time of each drawdown and is a price equal to the average gold price in US dollars quoted by the London Bullion Market Association ('LBMA') over the five trading day period preceding that day, and is subject to a floor price of 117.65% of the 'all-in sustaining cost to produce an ounce of gold' ('AISC') ('Floor Price') at the time of delivery ('Reference Price').

The Proposed Drawdown Facility will see up to US\$300 million made available to Besra by way of Quantum paying Besra a 5% deposit of the Reference Price on future gold production of up to three million ounces. The 10% discount to the Reference Price is the effective cost of the Proposed Drawdown Facility for Besra ('Prepayment Discount').

The funding will be available to Besra at the rate of up to US\$10 million per month to be paid into a drawdown account ('Drawdown Account') controlled by Besra. Quantum will secure rights to Besra's future gold production, only in relation to the specific amounts received in the Drawdown Account.

Deliveries to are to be made to Quantum for all gold produced up to 25,000 ounces, 80% of all gold produced from 25,001 to 120,000 ounces; and thereafter 65% of all gold produced, leaving 35% of gold production unassigned.

Besra has agreed to grant in favour of Quantum a security interest over the Company's indirect holding in NBG, its interests in the Bau Gold Project tenements and the Drawdown Account ('Security Interest').

Subject to the satisfaction or waiver or various other conditions precedent (including Besra receiving shareholder approval under Listing Rule 10.11), an offtake fee will be paid to Quantum of \$1 million through the issue to Quantum of 11.111 million Besra CHES Depositary Interests ('CDIs') at a deemed price of \$0.09 per CDI.



Quantum (through its related entity, Quantum Metal Exchange Inc) is a major shareholder of Besra, and as such shareholder approval is required in accordance with Listing Rule 10.1 for both the Proposed Drawdown Facility and Security Interest to be granted to Quantum.

The Proposed Drawdown Facility and grant of Security Interest to Quantum (**'Security Transaction'**), are collectively referred to as the **'Proposed Transactions'**.

Besra is a Canadian incorporated company. As at the date of our Report, Besra has 406,989,795 Common Shares issued and outstanding, including 403,325,020 CDIs that are tradeable on the Australian Securities Exchange (**'ASX'**). This Report is to accompany the Notice of Meeting (**'Transaction Document'**) required to be provided to the non-associated, registered and non-registered (beneficial) shareholders\* of Besra entitled to vote on the Proposed Transactions (**'Shareholders'**) and has been prepared to assist the non-associated Shareholders in their considerations of whether or not to approve the Proposed Transactions.

Further details of the Proposed Drawdown Facility and Security Transaction are outlined in Section 4 of our Report.

All figures are quoted in Australian Dollars (**'\$'** or **'AUD'**) unless otherwise stated.

*\*Being CDI holders that are able to instruct CHESS Depository Nominees Pty Ltd (**'CDN'**) how they intend to vote on the Proposed Transactions. As the holders of CDIs are not the legal registered owners of the underlying Common Shares, CDN is entitled to vote at the shareholder meeting on the instructions of the holder of the CDIs.*

## 2. Summary and Opinion

### 2.1 Requirement for the Report

The directors of Besra have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'Report'**) to express an opinion as to whether the Proposed Transactions are fair and reasonable to the Shareholders of Besra.

Our Report is prepared pursuant to ASX Listing Rule 10.1 and 10.5 and is to be included in the Explanatory Statement for Besra in order to assist the Shareholders in their decision whether to approve the Proposed Transactions.

### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guide 111 'Content of Expert's Reports' (**'RG 111'**) and Regulatory Guide 112 'Independence of Experts' (**'RG 112'**).

In arriving at our opinion, we have assessed the terms of the Proposed Transactions as outlined in the body of this Report. We have considered:

- how the Prepayment Discount on the Proposed Drawdown Facility compares to benchmark discounts/ interest rates, based on comparable arm's length financing options utilised by companies similar in nature to Besra (**'Benchmark Discount/Interest Rate'**);
- how the value of the proceeds of the sale of assets secured by the Security Interest, that would be provided to Quantum in the event of a default, compares to the value of the liabilities that would be settled;
- the likelihood of an alternative offer being made to Besra;

- other factors which we consider to be relevant to the Shareholder in their assessment of the Proposed Transactions; and
- the position of Shareholders should the Proposed Transactions not proceed.

## 2.3 Opinion

### Proposed Drawdown Facility

We have considered the terms of the Proposed Drawdown Facility as outlined in the body of this Report and have concluded that, in the absence of an alternative offer, the Proposed Drawdown Facility is fair and reasonable to Shareholders.

### Security Transaction

We have considered the terms of the Security Transaction as outlined in the body of this Report and have concluded that, in the absence of an alternative offer, the Security Transaction is fair and reasonable to Shareholders.

## 2.4 Fairness

### Proposed Drawdown Facility

In section 12 we determined that the Prepayment Discount paid on the Proposed Drawdown Facility compares to Benchmark Discounts/Interest Rates, as detailed below.

	Ref	Low	High
Prepayment Discount	10.1	10%	10%
Benchmark Discount/Interest Rate	10.2	10%	16%

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information and an alternate offer, the Proposed Drawdown Facility is fair for Shareholders, as the low and high Benchmark Discount Rates are equal to or higher than the Prepayment Discount.

We are unable to directly value the (up to) three million ounces gold that may be sold to Quantum under the Proposed Drawdown Facility, as we do not have sufficient reasonable grounds, in accordance with Regulatory Guide 170 'Prospective Financial Information' ('RG170') and Information Sheet 214: Mining and Resources: Forward-looking Statements to rely on any forecast cash flows from production over the life of mine for the Bau Project.

Given this, we have used the 10% Prepayment Discount as a proxy for the effective interest rate on the Facility and have compared this to benchmark interest rates assessed above.

### Security Transaction

We also concluded that the value of the proceeds of the sale of the secured assets that would be provided to Quantum under the terms of the Security Transaction in the event of a default, is equal to or less than the value of the liabilities that would be settled. This is discussed in section 12 of our Report. Therefore,

in the absence of any other relevant information, this indicates that the Security Transaction is fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 13 of this Report, in terms of both:

- advantages and disadvantages of the Proposed Transactions; and
- other considerations, including the position of Shareholders if the Proposed Transactions do not proceed and the consequences of not approving the Proposed Transactions.

In our opinion, the position of Shareholders if the Proposed Transactions are approved is more advantageous than the position if the Proposed Transactions are not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transactions are reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

### Proposed Drawdown Facility

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1	The Proposed Drawdown Facility is fair	13.2	The Proposed Drawdown Facility will impact the financial gearing of the Company and may impact the ability to draw down debt in future
13.1	No restrictive debt covenants	13.2	Besra loses the option to enter into alternative agreements e.g., locking in forward sales at advantageous prices if the opportunity arises
13.1	No fixed obligations in cash		
13.1	No fixed repayment date		
13.1	The Proposed Drawdown Facility is subject to a Floor Price		
13.1	Provides access to funding for the development of the Bau Project, renewal of mining leases, exploration activity, merger and acquisition opportunities and gold treasury operations		
13.1	Does not dilute existing Shareholder interests		

## Security Transaction

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1	The Security Transaction is fair	13.2	Besra will grant Quantum security over the Company's indirect holding in NBG, its interest in the Bau Project tenements and the Drawdown Account

13.1 The Security Transaction supports the Company's debt funding

Other key matters we have considered include:

Section	Description
13.3	Alternative Proposal
13.4	Consequences of not approving the Proposed Transactions
13.5	Other Considerations

## 3. Scope of the Report

### 3.1 Purpose of the Report

#### Proposed Drawdown Facility

#### ASX Listing Rule 10.1

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party or person of influence of the listed entity as defined under the ASX Listing Rules.

We note that that the Proposed Drawdown Facility is for up to US\$300 million. Based on the Company's reviewed accounts for the half year ended 31 December 2022, 5% of the equity interest in Besra is approximately US\$1.1 million. The value of the Proposed Drawdown Facility exceeds this figure; therefore the Proposed Drawdown Facility is considered to be a disposal of a substantial asset for the purpose of the ASX Listing Rules in respect to the granting of the Security Interest and the provision of benefits in respect of the Prepayment Discount on the Proposed Drawdown Facility.

Quantum (through its related entity Quantum Metal Exchange Inc) is an existing substantial (10%+) shareholder of Besra, holding a 27.97% interest in the Company prior to the announcement of the Proposed Drawdown Facility. Shareholder approval under Listing Rule 10.1 is therefore required for the Proposed Drawdown Facility.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Drawdown Facility. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated Shareholders of Besra.

### Security Transaction

#### ASX Listing Rule 10.1

By entering into the Security Transaction, the Company is deemed to have disposed of a substantial asset, being the Security Interest provided to the substantial holder (Quantum). Based on the Company's audited half year financials as 31 December 2022, the value of the asset being disposed (via the granting of security to the substantial holder) is greater than 5% of the equity interest of Besra.

Accordingly, an independent experts' report is required for the Security Transaction under ASX Listing Rule 10.1. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated Shareholders of Besra.

## 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transactions are fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a transaction with persons in a position of influence is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transactions to be control transactions. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transactions as if they were not control transactions.

## 3.3 Adopted basis of evaluation

RG 111 states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the persons in a position of influence, is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison as follows:

- A comparison between the Prepayment Discount on the Proposed Drawdown Facility and a Benchmark Discount/Interest Rate for financing options utilised by companies similar in nature to Besra (fairness - see Section 12 'Are the Proposed Transactions Fair?');
- A comparison between how the value of the proceeds of the sale of assets secured by the Security Interest held by Quantum, compares to the value of the liabilities that would be settled (fairness - see Section 12 'Are the Proposed Transactions Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving each of the resolutions, after reference to the values derived above (reasonableness - see Section 13 'Are the Proposed Transactions Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Proposed Transactions

On 21 March 2023, Besra announced the execution of a non-binding term sheet for the provision of up to US\$300 million gold pre-purchase drawdown and offtake funding agreement, signed with major shareholder Quantum (**‘the Facility’**). On 9 May 2023, the Company announced that it and its 97.78% owned Malaysian subsidiary NBG had entered into a legally binding Gold Purchase Agreement with Quantum, giving effect to the non-binding term sheet.

The Facility was negotiated by the Company with assistance from Besra shareholder and advisor, Noblemen Ventures Pty Ltd (**‘Noblemen’**). Noblemen will be paid a 5% commission, payable on Besra’s drawdown of funds from Quantum. Noblemen is a small shareholder of Besra (holding less than a 1% interest in the Company), with no related party or associated party connections to major CDI Holders or directors of Besra.

### Facility Terms

The Facility has the following key terms:

- The gold offtake purchase facility is for up to three million ounces of refined gold at the Reference Price, less a 10% discount;
- The Reference Price is set at the time of each drawdown and is the five-day average of the LBMA gold price in US\$ per troy ounce and is subject to a floor price of 117.65% of AISC at the time of delivery;
- Up to US\$300 million will be made available to Besra by way of Quantum paying Besra a 5% deposit of the Reference Price on future gold production of up to 3 million ounces;
- Subject to drawdowns under the Facility occurring, funding will be available to Besra at the rate of up to US\$10 million per month to be paid into the Drawdown Account that is controlled by Besra. An initial US\$2 million was made available to Besra upon execution of the term sheet and another US\$3 million upon execution of the facility agreement;
- Quantum will secure rights to Besra’s future gold production, only in relation to the specific amounts received in the Drawdown Account;
- A payment to Besra of the remaining 85% of the Reference Price (being the discount of 10% and less the 5% prepaid deposit) at the time of delivery to Quantum of allocated ounces covered by the prior deposit payment;
- Deliveries are to be made to Quantum according to the following schedule:
  - All gold produced up to 25,000 ounces;
  - 80% of all gold produced from 25,001 to 120,000 ounces; and
  - thereafter 65% of all gold produced.
- All funds raised under the Facility are to be used for construction, commissioning and operation of mine site plant and associated infrastructure, renewal of mining leases, feasibility studies, exploration and mining activities, merger and acquisition activity, gold treasury activities, corporate and working capital purposes; and
- Besra has agreed to grant in favour of Quantum a security interest over the Company’s indirect holding in NBG, its interests in the Bau Gold Project tenements and the Drawdown Account

Subject to the satisfaction or waiver or various other conditions precedent (including Besra receiving shareholder approval under Listing Rule 10.11), an offtake fee will be paid to Quantum of \$1 million through the issue to Quantum of 11.111 million Besra CDIs at a deemed price of \$0.09 per CDI.

### Term of the Facility

The term commences on the date of the facility agreement, and continues until the earlier of the following:

- the date on which the Company has delivered and sold to Quantum, 3,000,000 ounces of refined gold which Quantum has the right to purchase under the Facility and Quantum has purchased and paid for such refined gold;
- a party gives notice in writing electing to terminate the facility as a result of the conditions precedent not being satisfied or waived in full on or before the date which is 85 business days after the date of the facility agreement;
- the parties all agree in writing to terminate the Facility;
- the Company terminates the Facility if either:
  - two years has elapsed from the date the conditions precedent are satisfied, or
  - deposits totalling US\$240,000,000 have been received by the Company;
- Quantum terminates the Facility if the Company fails to deliver refined gold within 5 business days of which the date on which sale and delivery is required;
- the Company terminates the Facility if Quantum fails to pay any part of the purchase price for the refined gold;
- either party fails to perform any other undertaking or obligation under the Facility and where that failure is remediable, either party (as applicable) does not remedy that failure within 55 business days of the giving of notice;
- if a provision of a transaction document is or becomes or is claimed by either party to be wholly or partially invalid, void, voidable or unenforceable in any material respect and where remedial, is not remedied within 55 business days;
- an insolvency event occurs in respect of the Company or Quantum;
- a change of control of the Company or the subsidiary occurs; or
- Quantum terminates if the Bau Project doesn't produce gold in mineral concentrate by no later than 31 December 2023.

As noted above, Quantum may terminate the Facility if the Bau Project does not produce gold in mineral concentrate by 31 December 2023. To achieve this requirement Besra intends to have a pilot plant commissioned prior to the end of the calendar year, that produces mineral concentrate (not pouring dore). The pilot plant will not be a commercial scale operation and is not intended to produce gold (rather concentrate).

For full details of the termination rights of Besra and Quantum, please refer to the Company's Notice of Meeting.



### Conditions Precedent

The Facility is conditional upon the following conditions precedent being satisfied within 85 days (or such longer period as may reasonably be required):

- shareholder approvals in accordance with the ASX Listing Rules for both the Proposed Drawdown Facility and grant of the Security Interest;
- Quantum performing its own satisfactory due diligence on the ownership structure of North Borneo Gold Sdn Bhd, the Tenements and the tax implications of the Transaction Documents;
- the Company performing its own satisfactory tax due diligence on the Transaction Documents;
- ASX and Canadian Business Corporations Act ('CBCA') regulatory compliance and/or approvals; and
- execution of the Security documentation.

Further details of the Proposed Transactions are set out in the Notice of Meeting.

## 5. Profile of Besra

### 5.1 Overview

Besra is a gold exploration company primarily focused on the development of its Bau Gold Project ('**Bau Project**') located in the Malaysian State of Sarawak. Besra was incorporated under the laws of the Province of Ontario, Canada in 1951 and reincorporated under the Company Act (British Columbia) in 1992. During the 2010's, the Company faced significant operational issues, and ultimately entered administration in 2014. Following a corporate restructure, the Company emerged from administration in 2018. Besra was subsequently admitted to the ASX on 6 October 2021. Besra's registered office is located in West Perth, Australia.

The current board of directors of Besra are:

- Ms Jocelyn Bennett - Executive Chairperson;
- Mr John Seton - Executive Director;
- Mr Jon Morda - Non-Executive Director; and
- Mr Paul Ingram - Non-Executive Director.

### 5.2 Bau Project

The Bau Project is located 30 kilometres ('**km**') from Kuching, the capital city of the province of Sarawak in East Malaysia. Besra controls, directly and indirectly, a 97.8% interest (92.8% on an equity adjusted basis) in the Bau Project through its subsidiary, NBG, a Malaysian incorporated company.

The Bau Project is defined by a system of gold mineralisation extending across a 8km by 15km corridor, centred on the township of Bau. The Bau Project's proximity to Kuching provides access to infrastructure including access to deep water ports, an international airport, grid power, all-weather sealed roads, communications, a multitude of service providers and a skilled local labour pool. Sarawak also provides a favourable tax environment with concessions on mining activities, no government royalty on gold produced and no-export duty or tariff for gold concentrate.

A JORC 2012 compliant Mineral Resource and Ore Reserve was completed on the Bau Project in November 2018 and was subsequently updated by Besra in January 2023 following the expiry of ML 136. The Company commenced a landmark drilling program at the Bau Project in November 2021, focusing initially on the Jugan Prospect before moving focus to the Bekajang Prospect. The program was the first drilling conducted at the Bau Project since 2017.

The Jugan Propsect is located approximately 6km northeast of Bau township and is the most mature deposit in the Bau Project. The Bekajang Prospect is located 5km south of the Jugan Deposit, and approximately 1km from Bau township. The Bekajang Prospect lies along the prospective trend that is inclusive of two historical mine sites, the Bukit Young Gold pit and the Tai Parit, which were mined until 1992 and 1997 respectively.

The results from the initial batch of core samples were released in February 2022, and subsequent drilling results were released throughout 2022.

In the March 2022 quarter, the Company signed an agreement with Zhengzhou Zhonjia Heavy Industries Co. of China for offsite flotation test work, including crushing, grinding, conditioning and other elements for representative bulk samples from the Jugan Prospect, as well as design plans for a pilot plant. Initial

plans for the design of the test plant are currently under review. Besra is targeting to be in pilot production at Jugan by the end of the 2023 calendar year.

The Environmental Impact Assessment ('EIA') report supporting pilot production at Jugan was submitted to the Natural Resources and Environment Board Sarawak in December 2022. At the same time, an application for Early Commencement Works was lodged to undertake drilling activities prior to the determination of the EIA. The Early Commencement Works approval was granted in December 2022.

On 24 May 2023, Besra announced that Natural Resources and Environment Board had approved the EIA for the proposed test/pilot gold mining and processing at Jugan.

Besra will lodge the EIA, together with the ancillary documentation relating to mine rehabilitation and details of the pilot plant specifications, with the Land and Survey Department of the Ministry of Natural Resources and Urban Development for approval to commence "mining activities". Until this approval is received, Besra is continuing with preliminary activities at the site, including 'sterilisation drilling'. The Company is also in the process of arranging civil engineering and fabrication contractors for the pilot plant.

### 5.3 Recent Corporate Events

#### ASX Admission

On 22 April 2021 the Company filed a prospectus with ASIC that would restructure the Company's financial position through an initial public offering ('IPO') of the Company's common shares in the form of CDIs on the ASX. The Company received Conditional Admission approval from the ASX on 24 September 2021 ('Conditional Admission'), was admitted to the ASX on 6 October 2021 and its securities, in the form of CDI's, commenced trading on the ASX on 8 October 2021.

#### Entitlement Offer

On 25 November 2022, Besra announced a 1 for 3 Non-Renounceable Entitlement Offer of CDIs at \$0.05 per CDI to raise approximately \$5.1m (before costs) ('Entitlement Offer'). The Entitlement Offer was fully underwritten by Quantum. The offer successfully closed on 3 January 2023.

## 5.4 Historical Statements of Financial Position

Statement of Financial Position	Reviewed as at 31-Dec-22 US\$	Audited as at 30-Jun-22 US\$	Audited as at 30-Jun-21 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2,174,692	865,336	11,146
Cash Held in Trust	1,327,451	-	-
Trade and other receivables	23,251	19,727	25,511
Prepaid expenses	61	3	7,486
<b>TOTAL CURRENT ASSETS</b>	<b>3,525,455</b>	<b>885,066</b>	<b>44,143</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	233	639	14,235
Exploration and evaluation expenditure	19,712,475	18,916,447	17,506,422
<b>TOTAL NON-CURRENT ASSETS</b>	<b>19,712,708</b>	<b>18,917,086</b>	<b>17,520,657</b>
<b>TOTAL ASSETS</b>	<b>23,238,163</b>	<b>19,802,152</b>	<b>17,564,800</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	668,766	512,887	5,538,254
Derivative liability	-	-	21,778,785
Loans and borrowings	168,079	181,969	4,793,593
<b>TOTAL CURRENT LIABILITIES</b>	<b>836,845</b>	<b>694,856</b>	<b>32,110,632</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	-	49,500	251,592
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>49,500</b>	<b>251,592</b>
<b>TOTAL LIABILITIES</b>	<b>836,845</b>	<b>744,356</b>	<b>32,362,224</b>
<b>NET ASSETS</b>	<b>22,401,318</b>	<b>19,057,796</b>	<b>(14,797,424)</b>
<b>EQUITY</b>			
Issued capital	186,576,700	182,816,338	141,517,358
Reserves	1,318,617	1,318,617	-
Accumulated losses	(164,559,572)	(164,145,312)	(154,874,482)
	23,335,745	19,989,643	(13,357,124)
Non-Controlling Interest	(934,427)	(931,847)	(1,440,300)
<b>TOTAL EQUITY</b>	<b>22,401,318</b>	<b>19,057,796</b>	<b>(14,797,424)</b>

Source: Besra's audited financial statements for the years ended 30 June 2021 and 30 June 2022, and reviewed financial statements for the half year ended 31 December 2022.

### Commentary on the Consolidated Statements of Financial Position

- Cash and cash equivalents increased from US\$0.87 million as at 30 June 2022 to US\$3.50 million as at 31 December 2022. The increase during the period was primarily attributable to the funds raised by the Company through the Entitlement Offer in November 2022.
- The cash held in trust balance of US\$1.33 million at 31 December 2022, related to funds held by Computershare Investor Services Pty Ltd on behalf of the Company. Following the completion of the Entitlement Offer the funds were released to the Company on 3 January 2023.
- Current trade and other payables of US\$0.67 million as at 31 December 2022 comprised trade payables of US\$0.53 million, taxes and government fees of \$0.08 million and accruals and other payables of US\$0.05 million.

- Exploration and evaluation expenditure of US\$19.71 million relates to the Company's mining and exploration tenements within the Bau goldfield. Pursuant to *IFRS 6: Exploration for and Evaluation of Mineral Resources* Besra has elected to capitalise its exploration expenditures as incurred. Capitalised expenditure by tenement is reviewed on an ongoing basis to assess whether there are any impairment indicators. There was no impairment of exploration assets during the six month period ended 31 December 2022.
- Derivative liabilities of US\$21.78 million as at 30 June 2021 were settled on conversion to equity as part of the IPO in October 2021.
- Current loans and borrowings of US\$0.17 million as at 31 December 2022 relate to deferred payments outstanding to historic suppliers.

## 5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the six months ended 31-Dec-22 US\$	Audited for the year ended 30-Jun-22 US\$	Audited for the year ended 30-Jun-21 US\$
Interest income	349	48	-
<b>Gross profit</b>	<b>349</b>	<b>48</b>	<b>-</b>
Gain of settlement of trade creditors	29,808	2,807,597	-
Corporate and administration expenses	(439,901)	(2,082,281)	(2,209,854)
Exploration expenditure written off	(7,039)	(30,076)	(63,719)
Depreciation and amortisation expense	-	(13,596)	(18,364)
Finance costs	(57)	(219,249)	(700,408)
Derivative fair value revaluation	-	593,230	(10,322,324)
Loss on settlement of financial liabilities	-	(3,721,283)	-
Share based payments	-	(1,318,617)	-
<b>Loss before income tax</b>	<b>(416,840)</b>	<b>(3,984,227)</b>	<b>(13,314,669)</b>
Income tax benefit	-	-	-
<b>Loss for the year from continuing operations</b>	<b>(416,840)</b>	<b>(3,984,227)</b>	<b>(13,314,669)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year, net of tax</b>	<b>416,840</b>	<b>(3,984,227)</b>	<b>(13,314,669)</b>
Loss of the year attributable to Shareholders of the parent	(414,260)	(3,922,478)	(13,299,477)
Loss of the year attributable to Non-controlling interests	(2,580)	(61,749)	(15,192)

Source: Besra's audited financial statements for the years ended 30 June 2021 and 30 June 2022, and reviewed financial statements for the half year ended 31 December 2022.

### Commentary on Consolidated Statements of Profit or Loss and Other Comprehensive Income

- Gain on settlement of trade creditors of US\$2.81 million for the year ended 30 June 2022 relate to the trade and other payables that were forgiven pursuant to the terms of various settlement agreements between the Company and creditors, upon IPO.
- Corporate and administration expenses of US\$2.08 million for the year ended 30 June 2022 comprised US\$0.48 million of professional and consulting fees, US\$0.41 million of management and administration costs, US\$0.14 million in listing costs, US\$0.46 million of fundraising costs, US\$0.38 million of costs relating to office and facilities, and US\$0.05 million of insurance costs.
- Derivative revaluation of US\$0.59 million for the period ending 30 June 2022 related to the gain on the settlement of derivative liabilities by conversion to equity upon IPO.
- Loss on settlement of financial liabilities of US\$3.72 million for the period ending 30 June 2022, primarily related to losses incurred as a result of secured notes being converted to equity on IPO.

## 5.6 Capital Structure

The capital structure of Besra as at 31 May 2023 is outlined below:

	Number
Total CDIs on issue	403,325,020*
Top 20 holders	294,429,875
Top 20 holders - % of CDIs on issue	73.00%

Source: Besra Share Registry Information

\* If a foreign issuer issues CDIs over their foreign securities, then the holder of the CDI obtains “beneficial ownership” of the foreign securities. Beneficial ownership means that all the economic benefits associated with the foreign securities (such as dividends, rights issues, bonus issues, etc.) are passed onto the CDI holder from the entity that retains the legal title to the foreign securities. We note that Besra has a total of 406,989,795 Common Shares issued and outstanding, including 403,325,020 CDIs that are tradeable on the ASX.

The range of CDIs held in Besra as at 31 May 2023 is as follows:

Range units held	No. of holders	No. of units	Percentage of units (%)
1 - 1,000	816	70,415	0.02%
1,001 - 5,000	212	661,990	0.16%
5,001 - 10,000	153	1,232,124	0.31%
10,001 - 100,000	623	28,086,643	6.96%
100,001 - and over	293	373,273,848	92.55%
<b>TOTAL</b>	<b>2,097</b>	<b>403,325,020*</b>	<b>100.00%</b>

Source: Besra Share Registry Information

\*We note that Besra has a total of 406,989,795 Common Shares issued and outstanding, including 403,325,020 CDIs that are tradeable on the ASX

The CDIs held by the most significant holders as at 31 May 2023 are detailed below:

Name	No. of units	Percentage of units (%)
Quantum Metal Exchange Inc	113,827,145	28.22%
Pangaea Resources Limited	67,266,812	16.68%
<b>Subtotal</b>	<b>181,093,957</b>	<b>44.90%</b>
Others	222,231,063	55.10%
<b>Total CDIs on Issue</b>	<b>403,325,020</b>	<b>100.00%</b>

Source: Besra Share Registry Information

\* We note that Besra has a total of 406,989,795 Common Shares issued and outstanding, including 403,325,020 CDIs that are tradeable on the ASX

\*\*Quantum have a beneficial interest in 27.97% of all securities on issue

\*\*Pangaea have a beneficial interest in 16.53% of all securities on issue

## 6. Profile of Quantum

### 6.1 Overview

Quantum is a wholly owned subsidiary of Quantum Metal Sdn Bhd. ('QMSB'). QMSB was founded in Malaysia in 2012 and recently acquired Quantum Metal Exchange Inc, a company listed on the OTC Markets in the United States. QMSB's primary business is the supply and trading of precious metals products.

Quantum engages in bullion dealing, linking bullion buyers and sellers through its consignment agreements and bullion dealing networks. Quantum has well established gold consignment agreements with government bodies, banks, financial institutions and merchants for the supply of gold bullion between local Malaysian banks and international bullion suppliers.



## 7. Economic analysis

Besra will be exposed to the risks and opportunities of the Australian market through its listing on the ASX and the Malaysian market through its operations. As such, we have presented an analysis on the Australian and Malaysian economy.

### 7.1 Australia

In its May 2023 Monetary Policy Decision, the Reserve Bank of Australia ('RBA') stated that the economy is expected to continue growing over the next two years, albeit at a below-pace trend. Currently, the combination of heightened interest rates, cost-of-living pressures and a prior decline in housing prices is leading to a substantial deceleration in household spending. Australia's gross domestic product ('GDP') is anticipated to increase by 1.25% over the remainder of 2023 and by 2% over the year to mid-2025.

The rebound from the COVID-19 pandemic waned throughout 2022, contributing to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, in 2023 and 2024, it is anticipated that GDP growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months helped by China's reversal of its COVID-19 measures in December 2022, which has diminished such risks and stabilised the supply chain recovery trajectory.

Inflation was 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. However, the RBA has stated that the monthly consumer price index ('CPI') indicator suggests inflation has peaked in Australia, with the growth in CPI declining to 7.0% over the twelve months to March 2023. As a result, the central bank's forecast is for inflation to decline to around 4.50% over 2023 before returning to the upper end of target levels by mid-2025.

Since May 2022, the RBA has executed monthly cash rate rises at each of its meetings, with the exception of April 2023, where the RBA decided to hold interest rates steady to provide additional time to assess the impact of the recent interest rate rises on the economy. Despite a welcome decline in inflation, in its May 2023 meeting, the RBA increased the cash rate to 3.85%, with the intention to return inflation to its target range in an accelerated timeframe.

The S&P/ASX 200 index had risen approximately 2.25% over the calendar year to early May 2023. The recent banking system crisis in the United States and Switzerland has resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs.

Since November 2022, the size of the balance sheet remains little changed, declining slightly to around \$618 billion as at the end of April 2023. The RBA's balance sheet is expected to decline more significantly over the coming years as funding provided under the Term Funding Facility and the RBA's government bond holdings mature.

The labour market remains very tight, with the unemployment rate around 3.5%, close to a 50-year low. Both job vacancies and job advertisements are at high levels but have fallen recently. Notwithstanding, many firms continue to express difficulty hiring workers, although some report an easing in labour

shortages, as job vacancies have plateaued in recent months. As economic growth slows, the unemployment rate is expected to gradually rise, reaching 4.5% by mid-2025.

Wage growth has accelerated, particularly in the private sector, in response to the tight labour market and high inflation. The RBA states at the aggregate level, wages growth is in line with the inflation target, provided productivity growth picks up. The RBA remains alert to the risk of a prices-wages spiral, given the limited spare capacity in the economy and the historically low rate of unemployment, and will continue to pay close attention to both the evolution of labour costs and the price-setting behaviour of firms.

### Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Resource exploration and development companies are not immune to the effects of inflation, with rising drilling and corporate costs impacting the level of capital required to fund exploration programs. Additionally, a tight labour market may make it more difficult for explorers to source labour and advance exploration.

Sources: [www.rba.gov.au](http://www.rba.gov.au) Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 2 May 2023 and prior periods, [www.rba.gov.au](http://www.rba.gov.au) Statement on Monetary Policy February 2023 and prior periods, Bloomberg and BDO analysis.

## 7.2 Malaysia

Since gaining its independence in 1957, the Malaysian economy has diversified away from its original concentration towards agriculture and commodities, to focus more on its services and manufacturing sectors. Economic development was previously underpinned by its agricultural and natural resource exports, such as rubber, palm oil and tin, which although are still of significance its GDP, represent relatively minor industries as compared to services like Islamic banking and manufacturing of electronics and semiconductors.

### Monetary Policy

At the May 2023 meeting, the Monetary Policy Committee ('MPC') of the Bank Negara Malaysia decided to increase the Overnight Policy Rate ('OPR') by 25 basis points to 3.00%. The MPC is normalising the degree of monetary accommodation, unwinding the monetary stimulus promoting the economy recovery from COVID-19 pandemic on the back of resilient domestic growth prospects and ensuring the need to prevent the risk of future financial imbalances.

### Domestic Growth and Outlook

The Malaysian economy performed strongly in 2022, despite the lingering effects of the COVID pandemic and the economic and political uncertainty caused by the Russia-Ukraine conflict. The Malaysian economy

is expected to expand further at 4.0% to 5.0% in 2023, mainly driven by domestic demand. Consumer spending remains resilient, underpinned by strong labour market conditions with unemployment trending to pre-pandemic levels and continued wage growth. The pickup in tourism is expected to further support consumption and the continuing implementation of multi-year infrastructure projects is supporting investment activity.

Export growth is dependent on the recovery of the global economy, which is being supported by strong labour conditions and the rebound of China's economy in 2022 but remains weighed down by elevated cost pressures and higher interest rates. The global growth outlook remains subject to downside risks, mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and a sharp tightening in financial market conditions including from further stress in the banking sector.

### Inflation

The MPC are expecting headline and core inflation to moderate over 2023 but remain at elevated levels. Headline inflation trended lower to 3.6% in the first quarter of 2023 (Q4 2022: 3.9%) and core inflation fell to 3.9% (Q4 2022: 4.2%). The moderation is reflective of lower global cost factors amid easing supply chain disruptions and lower commodity prices. Core inflation is expected to remain at historically elevated levels given tight labour market conditions and strong domestic demand. Existing price controls and fuel subsidies will continue to partially contain upward inflation pressures, but the outlook is highly dependent on changes in domestic policy, financial market developments and global commodity prices.

### Mining in Malaysia

The main regulatory framework for the exploration and extraction of mineral resources in Malaysia is the Mineral Development Act 1994 at the federal level, and the various state laws and regulations. The Mineral Development Act 1994 sets out the powers of the Federal Government on matters relating to the inspection and regulation of mineral exploration and mining. Permits and licences for prospecting mines, mining leases and certificates fall under the scope of the states' respective mining-related legislation.

The National Mineral Policy aimed to harmonise the various state legislations by introducing a Model State Mineral Enactment. Ten of out thirteen states in Malaysia have adopted the Model State Mineral Enactment without substantial amendments in their respective state legislation. The three states that have not adopted the Model State Mineral Enactment are Sabah, Sarawak and Perlis. Sarawak's Mineral Ordinance 2004 is based on the Model State Mineral Enactment but contains provisions for the protection of native customary rights under the Sarawak Land Code.

*Sources: Statement from Monetary Policy Committee of the Bank Negara Malaysia, <https://www.bnm.gov.my/-/monetary-policy-statement-03052023>, dated 3 May 2023. The World Bank In Malaysia Overview, <https://www.worldbank.org/en/country/malaysia/overview>, dated 29 November 2022; Mining in Malaysia: by Allen Choong, Rahmat Lim & Partners*

## 8. Industry analysis

Besra operates in the gold mining industry with its operations in development. As such, we have presented an industry analysis on the gold mining industry.

### 8.1 Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence, and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine, and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

The nature of the ore deposit determines the mining and mineral processing techniques applied. Gold contained in oxide ore deposits are typically of low grade and are simple to extract and readily amenable by cyanidation. Consequently, highly disseminated gold can be contained within sulphide minerals which require mining, crushing, grinding and to be followed by gravity separation to recover the gold, subject to flotation to concentrate the sulphide mineral fraction containing the gold. Inherently, the costs associated with the treatment of oxide ore are significantly less than of sulphide ores.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

Gold supply (tonnes)	2017	2018	2019	2020	2021	2022
Mine production	3,573	3,655	3,594	3,474	3,570	3,612
Net producer hedging	(26)	(12)	6	(39)	(23)	(2)
Recycled gold	1,112	1,132	1,276	1,293	1,136	1,144
<b>Total supply</b>	<b>4,660</b>	<b>4,775</b>	<b>4,876</b>	<b>4,728</b>	<b>4,683</b>	<b>4,755</b>

Source: World Gold Council 2022 Statistics, 31 January 2023

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Growing uncertainty on the back of the COVID-19 outbreak caused the price of gold to rally, as investors demanded the high liquidity that gold provides.

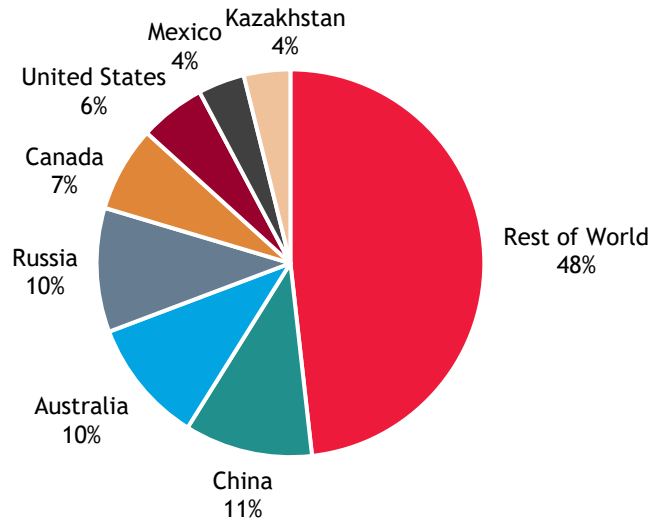
The World Gold Council expects that the interplay between financial uncertainty, rising interest rates, high inflation, weakening global economic growth and gold price volatility will continue to drive gold demand in the near term.

#### Gold ore mining trends

Gold ore mining is a capital intensive and high-cost process, which becomes increasingly difficult and more expensive as the quality of ore reserves diminish. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

The gold industry is geographically diverse as China, Australia and Russia lead global gold production. According to the USGS, total estimated global gold ore mined for 2022 was approximately 3,090 metric tonnes. The chart below illustrates the estimated global gold production by country for 2022.

**Gold Production by Country 2022**

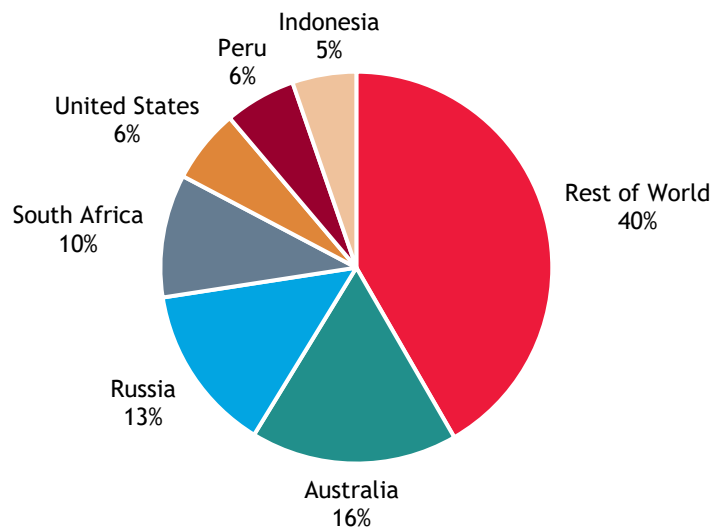


Source: 2023 USGS and BDO analysis

According to the World Gold Council, global gold production fell by 7% in 2021 following the prolonged effects of COVID-19 creating global investor uncertainty. The decrease in supply was hardest felt in the United States as production fell by 13%, whilst production also fell by 5% in Russia.

Despite China leading global gold production in 2022, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 39% of global gold reserves.

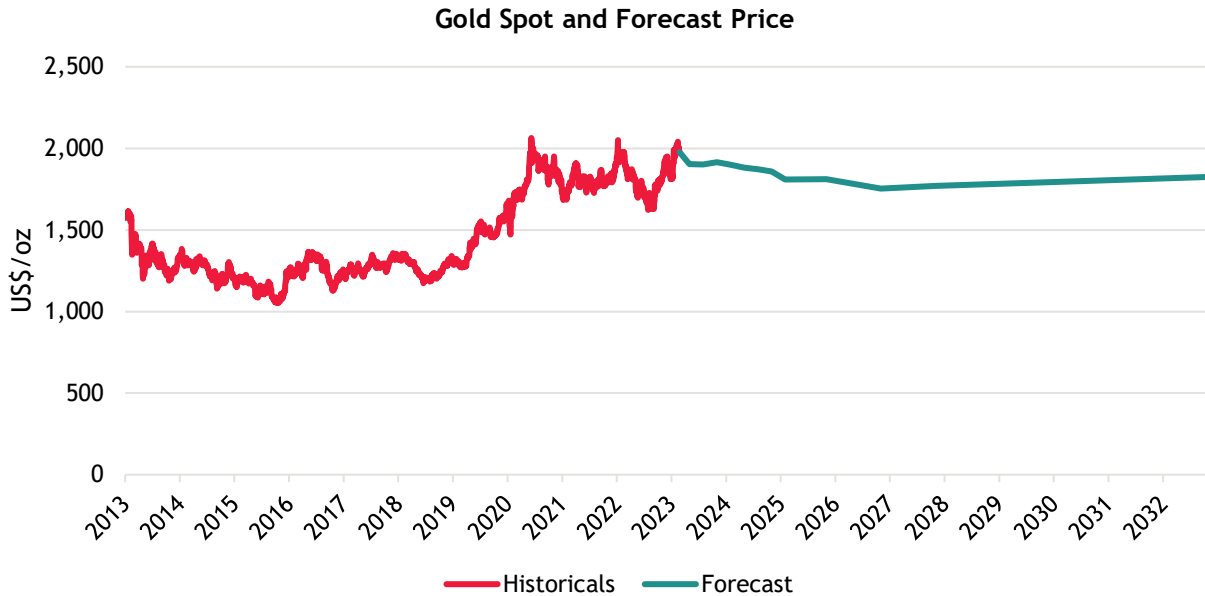
**Gold Reserves by Country 2022**



Source: 2023 USGS and BDO analysis

## Gold prices

The gold spot price since 2013 and forecast prices through to 2032 are depicted in the graph below.



Source: Bloomberg and Consensus Economics

The price of gold was around US\$1,500 at the start of 2013, before entering a declining trend. The downturn represented the beginning of a correction in the gold price, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the period from 2014 through to 2019, the gold price fluctuated primarily between US\$1,100 and US\$1,400.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US\$1,471, before rallying in late July and early August to exceed US\$2,000. The COVID-19 crisis was the primary driver of the gold price, as central banks injected trillions of dollars into financial markets and investors prioritised safe haven assets. Additionally, the prevailing low interest rate environment across 2020 increased access to capital, which further spurred investment in gold.

Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US\$1,900 after remaining in the US\$1,800s through most of December 2020. For the rest of 2021, the price of gold traded between US\$1,600 and US\$1,900 as demand fluctuated throughout the year. Rising US treasury yields initially threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. However, concerns regarding the spread of the Delta variant increased gold's safe haven appeal, and subsequently, the price of gold climbed back above the US\$1,800 mark in early July 2021. This was quickly reversed in the following months as the US Federal Reserve signalled policy tightening sooner than anticipated which drove US treasury yields and a stronger US dollar. Towards the end of the year, gold prices significantly strengthened following the US Federal Reserve's announcement to reduce purchases of Government bonds and the release of US inflation data which revealed an annualised inflation rate of 6.2%, its highest level since 1990.

The invasion of Ukraine by Russia in February 2022 saw gold prices reach a 15-month high, with prices climbing above US\$1,900 and peaking at US\$2,039 during March, in response to a number of economic sanctions on Russia and the release of US inflation data which indicated an annualised inflation rate of 8.5%. In May 2022, the price of gold weakened to US\$1,800 following the US Federal Reserve's aggressive monetary tightening in an attempt to control rising inflation. On 26 September 2022, the price of gold was at its lowest since 30 April 2020 at US\$1,622. Since the low in September 2022, the gold price has been on a general incline, reaching US\$1,904 in mid-March 2023. According to Consensus Economics, the gold price rally from September 2022 is attributed to a combination of slowing US inflation, depreciation of the US dollar, and increased gold demand by central banks for reserve diversification. Given the current geopolitical climate, continued volatility of the gold price is expected for the short term.

In March 2023, Credit Suisse Group AG secured a US\$54 billion bail out from the Swiss National Bank after poor performance lost the company 75% of its value in the 12 months prior. In the same month, federal regulators in the US closed Silicon Valley Bank when the lender was unable to meet demands from depositors for their money, as a result of having a high proportion of uninsured deposits invested in hold-to-maturity securities. According to Consensus Economics, the collapse of the two banks caused the gold price to increase to US\$1,923 as of 24 March 2023.

Early April 2023 saw gold prices surpass US\$2000 as investors speculated a nearing of the end of interest rate tightening in the US. The increased viability of gold as a hedge against current inflation and emerging market central banks continuing to purchase gold to diversify from the US dollar and US bonds have also contributed to the price hike. Gold continues to be a safe haven asset relied upon during times of volatility.

Consensus Economics forecasts the price of gold to exhibit a declining trend over the period to the end of 2026, from which point it is expected to stabilise over the longer term and remain high in comparison to historical levels. Future price movements are expected to depend on interest rates, inflation and the extent to which geopolitical risks resurface.

**Source:** Bloomberg, Consensus Economics, IBISWorld, World Gold Council and Reuters

## 9. Valuation approach adopted

### Proposed Drawdown Facility

As detailed in Section 3.3, in performing our assessment of whether the Proposed Drawdown Facility is fair to Shareholders for the purpose of ASX Listing Rule 10.1, we have not undertaken a valuation, rather, our fairness assessment is a benchmarking exercise, resulting in an opinion on a range of discounts/interest rates which we consider to be appropriate notional arm's length rates for financing options utilised by companies similar in nature to Besra.

In determining this we have had consideration of:

- Research on arm's length discounts for prepaid offtake or commodity streaming agreements utilised by companies similar in nature to Besra;
- research on arm's length interest rates for financing options utilised by companies similar in nature to Besra; and
- typical interest rates for arrangements of this type

We have compared this to the Prepayment Discount that Quantum will receive through the Proposed Drawdown Facility.

### Security Transaction

For the purpose of assessing whether the Security Transaction is fair for Shareholders for the purposes of ASX Listing Rule 10.1, we have compared the value of the security to be provided to the liabilities to be settled. We have undertaken this analysis by observing the various scenarios that may arise in comparing the security to be provided with the liabilities to be settled.



## 10. Proposed Drawdown Facility

### 10.1 Prepayment Discount

A prepaid offtake arrangement is a loan where an offtake partner provides funding, typically on a secured basis. Funding is repaid by delivery of product under an offtake agreement. This is similar to metal streaming contracts, where mining companies sell future production or revenues in return for an up-front cash payment from a streaming partner. The streaming partner secures a share of future production at an agreed-upon discounted price, which may be fixed or alternatively a floating percentage of the prevailing spot price. When compared to traditional debt-based funding, prepaid or streaming arrangements often have a longer payment period and have no fixed obligations in cash (i.e. interest or principal repayments).

In Besra's case, the Proposed Drawdown Facility will see up to US\$300 million made available to Besra by way of Quantum paying Besra a 5% deposit of the Reference Price on future gold production of up to three million ounces. Under the terms of the Proposed Drawdown Facility, Quantum will receive a 10% discount to the Reference Price.

At the time of delivery, Quantum is required to pay 85% of the total Reference Price (as 5% has been paid as a deposit and 10% is offered as a discount). The 10% discount to the Reference Price is the effective cost of the Proposed Drawdown Facility for Besra.

If Besra had sought traditional debt financing, the cost of the financing would be the interest rate payable on the facility, in addition to any other benefits transferred to the financier (options, establishment fee etc.).

### 10.2 Benchmark Discounts/Interest Rates

In performing our assessment of whether the Proposed Drawdown Facility is fair to Shareholders for the purpose of ASX Listing Rule 10.1, we have considered what would be an appropriate arm's length prepayment discount to apply to a prepaid offtake or streaming facility. However, as prepaid offtake facilities and streaming arrangements are not commonly utilised by companies, we have also considered an appropriate range of arm's length interest rates for traditional financing options that could be utilised by Besra or companies similar in nature to Besra.

#### Benchmark Discounts

To determine an appropriate benchmark prepayment discount, we have considered the discounts offered on prepaid offtake facilities and streaming arrangements for ASX listed companies similar in nature to Besra.

We searched for recent prepaid offtake facilities/ commodity streaming arrangements. A total of six prepaid offtake facilities/streaming arrangements were identified based on our search criteria and available information. Summary descriptions and brief financial data for these companies are set out in Appendix 3.

Below is a summary of the identified prepaid offtake/streaming arrangements:

- **Adriatic Metals Plc** -on 13 October 2021, Adriatic Metals Plc announced it had entered into a non-binding term sheet for a US\$22.5 million copper stream with Orion Resource Partners. We note the streaming agreement, was part of a wider funding package with Orion Resource Partners. No discount to benchmark/reference pricing was disclosed as part of this transaction and there is insufficient publicly available information to determine the benefit provided to the counterparty.

- **Austral Resources Limited** - on 3 February 2022, Austral Resources Australia Limited announced that it had entered into a \$21 million copper prepayment facility with Glencore. No discount to benchmark/reference pricing was disclosed as part of this transaction. The prepayment facility is interest bearing with an interest rate of LIBOR plus a margin of 8.5%.
- **Orion Minerals Limited** - on 9 May 2022, Orion Minerals Limited announced it had entered into a non-binding term sheet for a US\$80 million gold and silver stream with Triple Flag International Ltd. Orion Minerals Limited will receive payments of 10% of the value of delivered precious metal paid at spot LBMA pricing at the time of delivery. The proposed stream rates for gold and silver to be delivered under the stream agreement are 84% of "Payable Gold" until 94.3k ounces of gold are delivered under the stream agreement, and 84% of "Payable Silver" until 5,710k ounces of silver are delivered, with each stream rate reducing to 50% after the respective milestones. No direct benchmark discount can be derived from this structure given the ongoing nature of the stream
- **Theta Gold Mines Limited** - On 19 October 2022, Theta Gold Mines Limited announced that it had entered into a non-binding term sheet for a US\$70 million gold stream with Sprott Resource Streaming and Royalty Corporation. No discount to benchmark/reference pricing was disclosed as part of this transaction, however prior to the gold delivery under the stream Theta Gold Mines Limited will pay to Sprott Resource Streaming and Royalty Corporation interest at 9.5% per annum, on a semi-annual basis for the funds advanced. Theta Gold Mines Limited expects to deliver to Sprott Resource Streaming and Royalty Corporation up to 100,000 ounces of gold over its life of mine, for which Sprott Resource Streaming and Royalty Corporation will pay 10% of the gold price per ounce delivered under the stream.
- **Cyprium Metals Limited** - on 22 December 2022, Cyprium Metals Limited announced that it had entered into a term sheet with Transamine SA for a US\$35 million copper cathode prepaid offtake facility. No discount to benchmark/reference pricing was disclosed as part of this transaction and there is insufficient publicly available information to determine the benefit provided to the counterparty. We note the offtake prepayment facility was part of a wider funding package to finance the restart of the Nifty Copper Project, however the company announced on 23 February 2023, that the senior secured bonds to be issued as part of the wider funding package were deemed to be not commercially satisfactory to the company, and as such the company is now considering alternative financing arrangements for the restart of the Nifty Copper Project.
- **Black Rock Mining Limited** - on 29 May 2023, Black Rock Mining Limited announced that it had signed binding offtake and prepayment agreements with its shareholder and strategic alliance partner, POSCO International Corporation. The agreements included a US\$10m prepayment commitment which is linked to a visible industry pricing benchmark. Terms of the prepayment agreement have not been publicly disclosed.

For further details on the prepaid offtake/streaming arrangements identified, please refer to the relevant ASX announcements listed above.

We have also searched the portfolios of large global streaming and royalty companies for prepaid offtake agreements/commodity streaming arrangements similar in nature to Besra's Facility. We identified the following streaming arrangements:

- **Cerrado Gold** - on 14 March 2022 Cerrado Gold announced that it had entered into a US\$ 20 million gold and silver stream agreement with Sprott Resource Streaming and Royalty Corp. for its Monte do Carmo gold project located in Brazil. To facilitate funding in advance of commercial production, Sprott Resource Streaming and Royalty Corp issued a US\$20 million secured note that bears interest at

a rate of 10% per annum, calculated and payable quarterly and will mature on the earlier of the achievement of commercial production together with certain other conditions, or March 14, 2031.

- **West Vault Mining Inc.** - on 22 February 2021 West Vault Mining Inc announced that it had executed a definitive Purchase and Sale Agreement with Sprott Private Resource Streaming and Royalty Corp. for 1.41% of all refined gold and silver to be produced for the life of mine from the Hasbrouck Gold Project. Under the terms of the stream agreement, Sprott would pay the company an advance purchase deposit of US \$6.0 million. A cash transfer price payable to the company upon delivery of refined gold and silver to Sprott was set at 20% of the market value per ounce of metal, as quoted by the London Bullion Market Association on the date of delivery. The balance of the market value per ounce would be applied as a credit against the deposit until the deposit is fully utilized. Thereafter the price of the metals paid to the company will be 20% of the market value thereof.

Given the nature of these streaming arrangements and the limited publicly disclosed information, we have been unable to determine a prepayment discount provided to the counter party.

We note that each of the prepaid offtake/streaming arrangements listed above has specific terms that don't allow for a simple comparison between arrangements. Additionally, any prepayment discounts to the reference/benchmark pricing for the above arrangements, have not been publicly disclosed. As such we are not able to determine what a reasonable third party 'prepayment discount' would be. Therefore, we have also considered the interest rates payable on traditional debt arrangements utilised by companies similar in nature to Besra.

#### Benchmark effective interest rate analysis

To determine an appropriate benchmark interest rate range, we analysed market rates of debt for publicly listed companies similar in nature to Besra. Given that it is not possible to calculate an effective interest rate for the Facility due to the lack of a fixed repayment date and other information required for the calculation for which we do not have reasonable grounds we believe this is the most appropriate comparison.

Using the S&P Capital IQ database, we filtered for ASX listed companies in the 'Metals and Mining' Industry. To narrow down our search, we considered companies with similar operations (overseas exploration and development companies) and market capitalisation to Besra.

Specifically, we filtered for the following criteria:

- Operations based internationally;
- Pre revenue (exploration and development companies);
- A market capitalisation greater than \$60 million but less than \$350 million; and
- Had more than \$3 million total debt at 31 December 2022;

#### We removed companies from our dataset that did not provide meaningful data.

A total of four publicly listed companies were identified based on our search criteria and available information. Summary descriptions and brief financial data for these identified companies are set out in Appendix 3.

When looking at the market rate of debt for these companies, we have considered:

- whether the financing was on an arm's length basis;
- whether the financing was denominated in US Dollars;
- What type of financing instrument had been utilised by the company (debt facility, debentures,

convertible notes etc.); and

- If there were any other costs associated with the financing (establishment fee, issue of shares or options etc.)

The table below sets out a summary of the companies identified and the market rate of their debt:

Company	Total limit	Maturity	Fixed	Floating*	Effective Rate	Related party	Secured	Note
<b>Kingsgate Consolidated Limited (ASX:KCN)</b>								
Loan (debt facility)	US\$15m	May-23	9.00%	-	9.00%	No	Yes	1
<b>Challenger Exploration Limited (ASX:CEL)</b>								
Convertible Debentures	US\$15m	Sep-26	9.00%	-	9.00%	No	No	2
<b>Magnis Energy Technologies Limited (ASX:MNS)</b>								
Loan (debt facility)	US\$100m	Apr-25	6.00%	SOFR (4%)	10.00%	No	Yes	3
<b>Terramin Australia Limited (ASX:TZN)</b>								
Loan (debt facility)	\$26.8m	Jul-23	12.00%	-	12.00%	Yes	Yes	

Source: S&P Capital IQ and BDO analysis

\*the floating charges calculated are only approximate, and are based on historical rates sourced from S&P Capital IQ and Bloomberg on or around the date of this Report

**Notes:**

1. This facility has a 2% arranging fee, a 2% commitment fee and 2,500,000 options were issued to the debt holder. These have not been included in the effective interest rate calculation.
2. These debentures are convertible into shares in Challenger Exploration Limited. There was also a 3% establishment fee payable to the debenture holders which has not been included in the effective interest rate calculation.
3. This facility also requires a credit insurance wrap premium, which is 8.25% in year one, 4.6% or 2.5% in year two (depending on milestone achievement) and 4.35% or 2.25% in year three (depending on milestone achievement).

Of the companies listed above, we note that Magnis Energy Technologies Limited is primarily a mining technology company, rather than mining company, and therefore its operations may not be directly comparable to Besra.

We note that Kingsgate Consolidated Limited ('Kingsgate') has operations located in Thailand and is therefore exposed to similar country risks as Besra. However, unlike Besra, the company already has significant infrastructure in place and is coming out of a recent period of care and maintenance. It is also significantly larger than Besra (approximately double Besra's market capitalisation), therefore Kingsgate could be considered to have less business risk than Besra (and by implication would be able to obtain debt at a lower interest rate than Besra).

Additionally, we note that the coupon rates on convertible notes/debentures are not directly comparable to the rates on the loans, as it can be assumed that a pure debt lender would require a higher interest rate than the coupon on the convertible note in order to compensate them for not receiving the potential equity upside (and/or limited downside) associated with a conversion feature. As such we have weighted our analysis towards the loan financing options.

Given we have only been able to analyse data from four companies (based on our initial screening criteria), we conducted an expanded search in order to compare data from a wider group of companies.

The table below sets out a summary of the expanded company screening and the market rate of their debt:

Company	Total limit	Maturity	Fixed	Floating*	Effective Rate	Related party	Secured	Note
<b>Bowen Coking Coal Limited</b>								
Loan (debt facility)	US\$55m	30-Jun-24	8.0%	-	8.0%	No	Yes	1
Loan (debt facility)	\$70m	-	10.0%	-	10.0%	No	Yes	
Convertible notes	\$40m	20-Jun-27	3.0%	-	3.0%	No	No	2
<b>Austral Resources Australia Ltd</b>								
Loan (debt facility)	\$30m	23-Nov-23	12.0%	BBSY (4%)	16.0%	No	Yes	
Loan (debt facility)	\$11m	23-Dec-23	15.0%	-	15.0%	No	No	
Loan (debt facility)	US\$15m	17-Mar-24	8.5%	LIBOR (5%)	13.5%	No	No	
<b>Pantoro Limited</b>								
Loan (debt facility)	\$30m	23-Sep-24	7.0%	-	7.0%	No	Yes	3
<b>Ora Banda Mining Limited</b>								
Loan (debt facility)	\$11m	31-Dec-23	10.0%	-	10.0%	Yes	No	
<b>Manuka Resources Limited</b>								
Loan (debt facility)	US\$14m	30-Sep-23	12.5%	-	15.0%	No	Yes	4
<b>Tulla Resources Plc</b>								
Debentures	US\$13.5m	-	9.0%	3m SOFR less 1% (3%)	13.0%	No	Yes	5
Convertible notes	US\$8m	-	5.0%	3m SOFR less 1% (3%)	8%	No	Yes	6
<b>Aurelia Metals Limited</b>								
Loan (debt facility)	\$105.7m	30-Sep-23	4.0%	BBSY (4%)	8.0%	No	Yes	7
<b>BCI Minerals Limited</b>								
Convertible notes	\$100m	2030	5.0%	-	5.0%	No	No	8
<b>Focus Minerals Limited</b>								
Loan (debt facility)	\$20m	01-Oct-24	3.5%	-	3.5%	Yes	No	
Loan (debt facility)	US\$10m	06-Jul-25	3.0%	3m SOFR (4%)	8.0%	Yes	No	

Source: S&P Capital IQ and BDO analysis

\*the floating charges calculated are only approximate, and are based on historical rates sourced from S&P Capital IQ and Bloomberg on or around the date of this Report

**Notes:**

1. This facility has a 2% establishment fee; this has not been included in the effective interest rate calculation
2. These notes are convertible into shares in Bowen Coking Coal Limited
3. As part of this facility Pantoro Limited issued the debt holder 36,363,636 unlisted options, this has not been included in the effective interest rate calculation
4. This facility includes a 2.5% management fee per annum, we have included this in the effective interest rate calculation.
5. The debenture holders received an original issue discount of 10% on the principal value, this is not included in effective interest rate calculation. An arrangement fee of 1% was payable by the borrower, this is not included in effective interest rate calculation.
6. The convertible note holders received a 5.5% original issue discount on the principal value, this is not included in effective interest rate calculation. These notes are convertible into shares in Tulla Resources Plc. An arrangement fee of 1% was payable by the borrower, this is not included in effective interest rate calculation.
7. This facility includes 'restricted cash' elements and requires mandatory gold hedging for a minimum of 20% of the Group's forecast gold production in each twelve-month period.

8. These notes are convertible into shares in BCI Minerals Limited

We note that the companies listed above are generally larger than Besra, are revenue producing and have operations based in Australia. Summary descriptions and brief financial data for these companies are set out in Appendix 3. Given the profile of the companies in the table above, they could be considered to have less business risk than Besra (and by implication would be able to obtain debt at a lower interest rate than Besra).

Based on the information above, we consider an appropriate benchmark interest rate range to be between 10% and 16%.

### Conclusion

We do not have sufficient reasonable grounds, in accordance with *Regulatory Guide 170 'Prospective Financial Information' ('RG170')* and *Information Sheet 214: Mining and Resources: Forward-looking Statements* to rely on any forecast cash flows from production over the life of mine for the Bau Project. We are therefore unable to ascertain an effective interest rate on the Facility, as we do not have reasonable grounds to determine the production profile of Besra, delivery dates, drawdown profile etc.

Given this, we have used the 10% Prepayment Discount as a proxy for the effective interest rate on the Facility and have compared this to benchmark interest rates assessed above.

## 11. Security Transaction

### 11.1 Value of the Security to be Provided

Besra will provide Quantum with a security interest over the Company's indirect shareholding in NBG, Besra's interest in the Bau Project tenements\* and the Drawdown Account.

In the event of continuing default by Besra, Quantum could elect to:

- enforce the security; and/or
- terminate the Gold Purchase Agreement and each Contract Note, upon which an 'Early Termination Amount' will be payable.

In the event they enforce the security, Quantum would only be entitled to recover an amount limited to the 'Secured Moneys', being amounts that are payable, owing but not payable or otherwise remain unpaid to Quantum.

Therefore, we do not need to consider the value of the Company or its assets for this purpose as Quantum will not receive an amount more than the value of the liabilities to be settled if the security is called. As such, we consider the value of the security to be provided to be less than, or equal to, the value of the liabilities to be settled.

*\*The tenements located in Sarawak are legally owned in the name of Gladioli Enterprises Sdn Bhd, Bukit Lintang Enterprises Sdn Bhd, Carino Sdn Bhd, Priority Trading Sdn Bhd, Gunong Wang Mining Sdn Bhd and Buroi Mining Sdn Bhd (these companies are referred to as the 'Gladioli Companies'). NBG has a beneficial interest in those tenements under an Amended and Restated Exploration and Shareholders Agreement and an Amended and Restated Agreement for the Sale and Purchase of Shares in NBG. After the required shareholder approval relating to the Gold Purchase Agreement is obtained, the Gladioli Companies will transfer legal title in the mining tenements to NBG. Until that occurs, Gladioli will provide security to Quantum over the tenements (if all Sarawak government approvals can be obtained) and after transfer of the tenements to NBG, NBG will itself grant security to Quantum over the tenements (subject to receipt of all Sarawak governmental approvals).*

### 11.2 Value of the Liabilities to be Settled

In the event of continuing default by Besra, Quantum may at any time, declare that the total secured amount is immediately due and payable. Quantum would therefore be entitled to seek repayment for the 'Secured Moneys', via the sale of the security. The nominal value of the total secured amount represents the value of the liabilities to be settled.

## 12. Are the Proposed Transactions fair?

### 12.1 Proposed Drawdown Facility

The Prepayment Discount and Benchmark Discount/Interest Rate are compared below:

	Ref	Low \$	High \$
Prepayment Discount	11.1	10%	10%
Benchmark Discount/Interest Rate	11.2	10%	16%

The above pricing indicates that, in the absence of any other relevant information and an alternate offer, the Proposed Drawdown Facility is fair for Shareholders, as the low and high Benchmark Discount Rates are equal to or higher than the Prepayment Discount.

We are unable to directly value the (up to) three million ounces gold that may be sold to Quantum under the Proposed Drawdown Facility, as we do not have sufficient reasonable grounds, in accordance with RG170 and Information Sheet 214: Mining and Resources: Forward-looking Statements to rely on any forecast cash flows from production over the life of mine for the Bau Project.

Given this, we have used the 10% Prepayment Discount as a proxy for the effective interest rate on the Facility and have compared this to benchmark interest rates assessed above.

### 12.2 Security Transaction

As outlined in Section 9, the Security Transaction is fair if the value of the security to be provided is equal to, or less than, the liabilities to be settled. We have considered the various scenarios which could occur in the event of default by Besra (as the seller), which are outlined below.

In the scenario where the value of the security to be provided is greater than, or equal to the liabilities to be settled, Quantum would only be entitled to recover an amount limited to the 'Secured Moneys', being amounts that are payable, owing but not payable or otherwise remain unpaid to Quantum.

Furthermore, in the scenario where the value of the security to be provided is less than the liabilities to be settled, the proceeds arising from the sale of the security would be provided to Quantum as settlement for the liabilities to be settled.

These scenarios can be summarised as follows:

Scenario	Consequence	Fairness
Security to be Provided > Liabilities to be Settled	Security to be Provided = Liabilities to be Settled	Fair
Security to be Provided = Liabilities to be Settled	Security to be Provided = Liabilities to be Settled	Fair
Security to be Provided < Liabilities to be Settled	Security to be Provided < Liabilities to be Settled	Fair

Source: BDO analysis

Based on the above, the value of the Security to be Provided is equal to, or less than the value of the Liabilities to be Settled in all scenarios. This means that the value of the financial benefit provided by Besra to Quantum, will always be equal to, or less than the value of the consideration being provided to Besra. Accordingly, in the event of default by Besra, Quantum will only be entitled to an amount equal to



or less than the amount owing. Therefore, we consider the Security Transaction to be fair for Shareholders.

## 13. Are the Proposed Transactions reasonable?

### 13.1 Advantages of Approving the Proposed Transactions

#### Proposed Drawdown Facility

We have considered the following advantages when assessing whether the Proposed Drawdown Facility is reasonable.

Advantage	Description
The Proposed Drawdown Facility is fair	As set out in section 12, the Proposed Drawdown Facility is fair. RG 111.12 states that an offer is reasonable if it is fair.
No restrictive debt covenants	Unlike many debt facilities, the Proposed Drawdown Facility is not subject to debt covenants. Debt covenants are restrictions that lenders put on lending agreements to limit the actions of the borrower. Common covenants, require borrowers to achieve a threshold for particular financial ratios and provide audited accounts. Some covenants can also limit how the borrower conducts their business (limits buying and selling of assets etc.). The Proposed Drawdown Facility allows the Company to access funding, but without having any restrictive debt covenants in place.
No fixed obligations in cash	The Proposed Drawdown Facility does not require ongoing interest and principal repayments. As there are no ongoing fixed cash payments required, the Company can preserve cash. This also presents less risk to the Company during periods of lower/falling gold prices.
No fixed repayment date	The Facility does not have fixed repayment date, rather the amount owing to Quantum reduce as production from the Bau Project ramps up and Besra delivers gold to Quantum under the contract notes. As there is no fixed repayment date, Besra does not need to consider refinancing the facility.
The Proposed Drawdown Facility is subject to a Floor Price	The Facility is subject to a Floor Price of 117.65% of the AISC, which ensures Besra will not have to deliver gold to Quantum below cost.
Provides access to funding for the development of the Bau Project, renewal of mining leases, exploration activity, merger and acquisition opportunities and gold treasury operations	The Proposed Drawdown Facility will provide Besra with access to staged funding of up to US\$300 million, to be used for construction, commissioning and operating of the Bau mine site plant and associated infrastructure, in addition to renewal of mining leases, exploration and mining activities, merger and acquisition opportunities, gold treasury activities and working capital requirements.
Does not dilute existing Shareholder interests	The Proposed Drawdown Facility will not be dilutive to the current Shareholders of Besra, unlike an equity placement or entitlement offer.

### Security Transaction

We have considered the following advantages when assessing whether the Security Transaction is reasonable.

Advantage	Description
The Security Transaction is fair	As set out in section 13, the Security Transaction is fair. RG 111.12 states that an offer is reasonable if it is fair.
The Security Transaction supports the Company's debt funding	The provision of security enables the Company to obtain the prepaid offtake funding that it requires to develop the Bau Project. If Besra seeks alternate funding through bank debt, it is more likely that there will be a requirement to furnish adequate collateral to secure the bank debt. Therefore, the provision of security for debt funding purposes is not unusual.

## 13.2 Disadvantages of Approving the Proposed Transactions

### Proposed Drawdown Facility

We have considered the following disadvantages when assessing whether the Proposed Drawdown Facility is reasonable.

Disadvantage	Description
The Proposed Drawdown Facility will impact the financial gearing of the Company and may impact the ability to draw down debt in future	Any drawdowns under the Proposed Drawdown Facility, will increase the Company's gearing ratio. If a company is too highly geared it can present a significant risk of bankruptcy. This is a particular problem during an industry downturn (commodity price collapse) which can result in cash flow issues. Given this, the Proposed Drawdown Facility may impact the Company's ability to draw down additional debt from other lenders in the future.
Besra loses the option to enter into alternative agreements e.g., locking in forward sales at advantageous prices if the opportunity arises	By locking in pricing for gold produced from the Bau Project, through contract notes entered into for every drawdown under the Facility, Besra loses the opportunity to enter into alternative agreements at advantageous prices in the future, should the opportunity arise (assuming 100% of the Company's gold is sold to Quantum). However, we note that depending on future quantities produced from the Bau Project, Besra could have discretion to chose how it sells up to 35% of its production.

### Security Transaction

We have considered the following disadvantages when assessing whether the Security Transaction is reasonable.

Disadvantage	Description
Besra will grant Quantum security over the Company's indirect holding in NBG, its interest in the Bau Project tenements and the Drawdown Account	If there is an event of default by the Company, Quantum may enforce its security, and require Besra to sell/transfer the secured assets in order to repay the monies outstanding.

### 13.3 Alternative Proposal

We are unaware of any alternative proposal that might offer Shareholders a premium over the value resulting from the Proposed Transactions.

### 13.4 Consequences of not Approving the Proposed Transactions

In the event that Shareholder approval is not obtained, the Company will not proceed with the Proposed Transactions and the Company will continue to focus on its current activities, including exploration and furtherance of the pilot test production facility. The Company will need to raise further capital if it is to continue those activities.

We note that the issue of 11.111 million CDIs to Quantum is subject to separate shareholder approval, under another resolution. **We are not required to opine on whether the issue of CDIs to Quantum is fair and reasonable to Shareholders.**

Approval of the Proposed Transactions and the issue of CDIs to Quantum are both essential resolutions. In the event Shareholders approve the Proposed Transactions, but do not approve the issue of CDIs to Quantum, the Proposed Transactions will not be able to proceed.

Besra has received two initial payments under the Facility totalling US\$5 million. We note that if the conditions precedent (including shareholder approval for the Proposed Transactions) are not satisfied, the US\$5 million that has already been received, is refundable to Quantum.

### 13.5 Other Considerations

#### Commission paid to Noblemen

The Facility was negotiated by the Company with assistance from Besra shareholder and advisor, Noblemen. Noblemen will be paid a 5% commission on Besra's drawdown of funds from Quantum. The commission has been agreed by Quantum and will be included in the AISC calculation. As the Facility is for up to US\$300 million, Noblemen could receive commissions of up to US\$15 million. Noblemen is a small shareholder (holds less than 1% of the current issued capital of Besra) with no related party or associated party connections to major CDI holders or directors of Besra.

We consider the commission to be paid by Besra to Noblemen, to be similar to an arrangement fee. An arrangement fee is a one-off fee typically paid by a borrower to lead arrangers for originating the financing, structuring the financing, and distributing the financing facility, charged at the execution (signing) of the facility agreement and payable in one lump sum, either on the closing date or upon the first drawdown. Arranger fees can vary, generally anywhere from 1% to 7% of the financed amount.

**We note the commission payable to Noblemen does not require Shareholder approval (as Noblemen is not currently a substantial (10%+) holder of Besra and has not been in the last six months). As such**

our Report does not provide an opinion on whether the commission is fair and reasonable to Shareholders of Besra.

**Forecast delivery ounces - illustrative purposes only and assuming maximum drawdown**

We have considered forecast gold pricing from May 2023 Consensus Economics and analysed the impact this pricing would have on the ounces to be delivered at a future date, assuming the funding is delivered at US\$10 million per month, every month. Ounces to be delivered are calculated as:

$$(deposit\ received) / (Purchase\ Price^* \times 5\%)$$

*\*5-day average of the LBMA gold price in US\$ per troy ounce*

As set out in the table below, based on current forecast pricing, the Company would pre sell the 3,000,000 ounces of gold, ahead of receiving the entire US\$300 million in funding available (ignoring the US\$5 million drawdown which has already occurred).

**The table set out below is illustrative only and is based on funding delivered at US\$10 million per month commencing from July 2023.**

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total
Headline forecast gold price (US\$/troy oz.) *	1,938	1,947	1,931	1,910	1,897	1,877	1,817	1,826	1,826	1,826	
Deposit (drawdown per month) (US\$)	\$10m	\$10m	\$10m	\$10m	\$10m	\$10m	\$10m	\$10m	\$10m	\$10m	
Thousand ounces to be delivered per month	103	103	104	105	105	107	110	110	110	110	
Deposit (drawdown per quarter) (US\$)	\$30m	\$30m	\$30m	\$30m	\$30m	\$30m	\$30m	\$30m	\$30m	\$30m	\$300m
Thousand ounces to be delivered per quarter	310	308	311	314	316	320	330	329	329	329	3,195
Value of gold sold under the offtake agreement (US\$)	\$600m	\$600m	\$600m	\$600m	\$600m	\$600m	\$600m	\$600m	\$600m	\$600m	\$6bn

Source: BDO analysis and Consensus Economics May 2023

\*Rounded headline forecast pricing

We note the maximum total value of the gold acquired from Besra could be up to US\$6 billion. Given that Quantum are receiving a 10% Prepayment Discount, the maximum value of the benefit provided to Quantum could be up to US\$600 million. However, this is subject to many factors, including pricing, drawdown schedule, production profile, delivery dates etc.

**At this stage, we are unable to determine the forward sales contract value, as we do not know when there would be ounces delivered into the contracts. Under RG170 we do not have reasonable grounds for assuming a production profile (as there are not declared reserves covering the three million ounces of refined gold). Whilst we can't value the forward sales contract we can derive a maximum value of the Prepayment Discount in accordance with the maximum drawdown schedule, being US\$10 million per month (until US\$300 million has been drawn down).**

## 14. Conclusion

We have considered the terms of the Proposed Transactions as outlined in the body of this Report and have concluded the following.

### Proposed Drawdown Facility

We have considered the terms of the Proposed Drawdown Facility as outlined in the body of this Report and have concluded that, in the absence of an alternative offer, the Proposed Drawdown Facility is fair and reasonable to Shareholders.

### Security Transaction

We have considered the terms of the Security Transaction as outlined in the body of this Report and have concluded that, in the absence of an alternative offer, the Security Transaction is fair and reasonable to Shareholders.

## 15. Sources of information

This Report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this Report;
- Gold Purchase Agreement with Quantum and North Borneo Gold Sdn Bhd;
- Audited financial statements of Besra for the years ended 30 June 2021 and 30 June 2022;
- Reviewed financial statements of Besra for the half year ended 31 December 2022;
- Share registry information;
- Consensus Economics;
- Reserve Bank of Australia;
- United States Geological Survey;
- Bloomberg;
- Bank Negara Malaysia;
- WorldBank
- IBISWorld;
- World Gold Council;
- Information in the public domain; and
- Discussions with Directors and Management of Besra.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$40,000 (excluding GST and reimbursement of out-of-pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this Report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Besra in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Besra, including the non-provision of material information, in relation to the preparation of this Report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Besra and Quantum and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Besra and Quantum and their respective associates.



Neither the two signatories to this Report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Besra, or their associates, other than in connection with the preparation of this Report.

A draft of this Report was provided to Besra and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review.

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## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this Report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

## 18. Disclaimers and consents

This Report has been prepared at the request of Besra for inclusion in the Explanatory Statement which will be sent to all Besra Shareholders. Besra engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposed Transactions.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this Report accompanying the above Explanatory Statement. Apart from such use, neither the whole nor any part of this Report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Statement other than this Report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Proposed Transactions. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this Report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual shareholders or CDI holders obtain their own taxation advice, in respect of the Proposed Transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the shareholders or CDI holders of Besra, or any other party.

The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary Report if we become aware of a significant change affecting the information in this Report arising between the date of this Report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Adam Myers**  
Director



**Sherif Andrawes**  
Director

## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
AISC	All-in sustaining cost to produce an ounce of gold
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Benchmark Discount/ Interest Rate	A benchmark discount/ interest rate based on comparable arm's length financing options utilised by companies similar in nature to Besra
Besra	Besra Gold Inc
CBCA	Canadian Business Corporations Act
CDI's	CHESS Depository Interests
CDN	CHESS Depository Nominees Pty Ltd
CPI	Consumer Price Index
DCF	Discounted Future Cash Flows
Drawdown Account	Account controlled by Besra in which up to \$10 million a month will be paid into
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental Impact Assessment
Entitlement Offer	Besra's 1 for 3 Non-Renounceable Entitlement Offer of CDIs at \$0.05 per CDI to raise approximately A\$5.1m (before costs) on 25 November 2022
The Facility	A US\$300 million gold pre-purchase drawdown and offtake funding agreement, signed with major shareholder Quantum
Floor Price	Price of 117.65% of the AISC at the time of delivery



Reference	Definition
FME	Future Maintainable Earnings
FSG	Financial Services Guide
GDP	Gross Domestic Product
IPO	Initial Public Offering
km	Kilometres
Kingsgate	Kingsgate Consolidated Limited
LBMA	London Bullion Market Association
NAV	Net Asset Value
NBG	North Borneo Gold Sdn Bhd
Noblemen	Noblemen Ventures Pty Ltd
Proposed Drawdown Facility	Besra's proposal to enter a \$300 million gold pre-purchase drawdown and offtake funding agreement with Quantum
Proposed Transactions	Collectively, the Proposed Drawdown Facility and the Security Transaction
QMP	Quoted market price
QMSB	Quantum Metal Sdn Bhd
Quantum	Quantum Metal Recovery Inc
RBA	Reserve Bank of Australia
Reference Price	The price is set at the time of each drawdown and is the 5-day average of the LBMA gold price in US dollars, and is subject to the Floor Price at the time of delivery
RG 111	Regulatory Guide 111 'Content of expert reports (March 2011)'
RG 112	Regulatory Guide 112 'Independence of experts (March 2011)'
RG170	Regulatory Guide 170 'Prospective Financial Information'
Security Interest	Besra granting in favour of Quantum a first ranking charge over the Company's indirect holding in NBG, its interests in the Bau Gold Project tenements and the Drawdown Account
Security Transaction	The grant of Security Interest to Quantum

Reference	Definition
Shareholders	The non-associated registered and non-registered (beneficial) shareholders of Besra
Subsidiary Shares	All of the shares in North Borneo Gold Sdn Bhd (a 97.78% owned subsidiary of the Company) held by the Company.
Tenements	The mining tenements required for the implementation and operation of the Company's Bau Project, located in Sarawak.
Transaction Document	The Notice of Meeting to be provided to Besra's registered and non-registered (beneficial) shareholders
Report	This Independent Expert's Report prepared by BDO

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## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

## Appendix 3 - Comparable Company Analysis

### Prepaid Offtake/Streaming

Company Name	Business Description
Adriatic Metals PLC (ASX:ADT)	Adriatic Metals PLC, through its subsidiaries, engages in the exploration and development of precious and base metals. It explores for silver, zinc, lead, copper, gold, and barite deposits. The company's flagship project is the Vares Silver Project located in the Bosnia and Herzegovina. It also operates Raska Project located in Serbia. Adriatic Metals PLC was incorporated in 2017 and is based in Cheltenham, the United Kingdom.
Austral Resources Australia Ltd (ASX:AR1)	Austral Resources Australia Ltd engages in the exploration, development, and production of copper resources in Queensland, Australia. The company's projects portfolio consists of assets in various stages of development, such as the Anthill, Lady Colleen, Lady Annie, Cameron River, and Miranda projects. It also produces and sells copper cathodes. Austral Resources Australia Ltd was incorporated in 2010 and is based in Brisbane, Australia.
Orion Minerals Limited (ASX:ORN)	Orion Minerals Limited explores for, evaluates, and develops mineral properties in Australia and South Africa. The company primarily explores for gold, zinc, copper, nickel, silver, and cobalt, as well as platinum group metals elements. Its flagship project is the Prieska copper-zinc project located in the Northern Cape province of South Africa. The company also holds interest in the Okiep copper project located in the north of Cape Town. In addition, it holds interest in the Namaqua-Disawell project; the Masiqhame project; and the Marydale project located in the Northern Cape province of South Africa. Further, the company holds interest in the Fraser Range project located in Western Australia; and the Walhalla project in Victoria, Australia. The company was incorporated in 2001 and is headquartered in Melbourne, Australia.
Theta Gold Mines Limited (ASX:TGM)	Theta Gold Mines Limited operates as a gold exploration and development company in South Africa. Its principal property is the Theta project located near the town of Pilgrim's Rest in Mpumalanga Province. The company was formerly known as Stonewall Resources Limited and changed its name to Theta Gold Mines Limited in December 2018. Theta Gold Mines Limited was incorporated in 2008 and is based in Sydney, Australia.
Cyprium Metals Limited (ASX:CYM)	Cyprium Metals Limited engages in the identifying, exploration, evaluation, and development of mineral properties in Australia. The company explores for copper, gold, and cobalt deposits. Its flagship project is the Nifty Copper mine located on the western edge of the Great Sandy Desert in the north-eastern Pilbara region, Western Australia. The company was incorporated in 1983 and is based in Subiaco, Australia.
Black Rock Mining Limited (ASX:BKT)	Black Rock Mining Limited engages in the exploration and development of graphite projects in Tanzania. It holds a 100% interest in the Mahenge graphite project covering an area of 324 square kilometres and located in Tanzania. The company was formerly known as Green Rock Energy Limited and changed its name to Black Rock Mining Limited in March 2015. Black Rock Mining Limited was incorporated in 2000 and is based in West Perth, Australia.

## Debt financing

### Initial Company Screening

Company Name	Business Description	Market Capitalization	Total Revenue (Last twelve months)	Total Debt (Latest Annual)
Besra Gold Inc. (ASX:BEZ)	Besra Gold Inc., a gold mining company, focuses on the exploration for, evaluation, and development of mineral properties. The company holds a 97.8% interest in the Bau gold project located in Sarawak, East Malaysia. Besra Gold Inc. was incorporated in 1951 and is based in West Perth, Australia.	96.8	-	0.335
Kingsgate Consolidated Limited (ASX:KCN)	Kingsgate Consolidated Limited engages in the exploration, development, and mining of gold and silver mineral properties. It holds a 100% interest in the Nueva Esperanza gold/silver project located in the Atacama region of northern Chile; and Chatree gold mine located in central Thailand. The company was incorporated in 1970 and is based in Sydney, Australia.	314.5	-	19.9
Challenger Exploration Limited (ASX:CEL)	Challenger Exploration Limited engages in the exploration of gold, silver, and copper deposits. Its flagship project is the Hualilan Gold project that comprise 15 mining leases and an exploration license application covering an area of 26 square kilometers located in San Juan, Argentina. The company was formerly known as Challenger Energy Limited and changed its name to Challenger Exploration Limited in May 2019. Challenger Exploration Limited was incorporated in 2007 and is based in West Perth, Australia.	182.6	-	12.5
Magnis Energy Technologies Limited (ASX:MNS)	Magnis Energy Technologies Limited engages in the exploration and development of mineral properties in the United States, Australia, and Tanzania. It primarily explores for natural flake graphite used in batteries for storing electrical energy. The company holds a 100% interest in the Nachu graphite project located in south-east Tanzania. It also engages in the lithium-ion battery investments. The company was formerly known as Magnis Resources Limited and changed its name to Magnis Energy Technologies Limited in November 2018. Magnis Energy Technologies Limited was incorporated in 2005 and is based in Sydney, Australia.	180.0	(0.188)	178.3
Terramin Australia Limited (ASX:TZN)	Terramin Australia Limited, together with its subsidiaries, explores for, evaluates, and develops base and precious metals, and other economic mineral deposits in Australia and Northern Africa. The company primarily explores for zinc, lead, gold, and copper deposits. It holds 49% interest in the Tala Hamza Zinc project located on the Mediterranean coast of Algeria. The company was incorporated in 1993 and is based in Strathalbyn, Australia.	63.5	0.063	28.3

## Expanded Company Screening

Company Name	Business Description	Market Capitalization	Total Revenue (last twelve months)	Total Debt (Latest Annual)
Bowen Coking Coal Limited (ASX:BCB)	Bowen Coking Coal Limited, together with its subsidiaries, engages in the exploration and development of metallurgical coal in Australia. The company holds 100% interests in the Isaac River Project that covers an area of 14 square kilometers located in the Bowen Basin in Central Queensland; the Cooroorah Project located north of Blackwater; and the Comet Ridge Project located South of the township of Comet, as well as 90% interests in the Hillalong Coking Coal Project covering 48 square kilometers in the northern Bowen Basin. It also has interests in the Broadmeadow East coking coal project located in Central Bowen Basin, Queensland; and the Bluff Mine, an open cut mine located in the southern Bowen Basin. The company was incorporated in 1994 and is headquartered in Brisbane, Australia.	377.6	39.2	41.4
Austral Resources Australia Ltd (ASX:AR1)	Austral Resources Australia Ltd engages in the exploration, development, and production of copper resources in Queensland, Australia. The company's projects portfolio consists of assets in various stages of development, such as the Anthill, Lady Colleen, Lady Annie, Cameron River, and Miranda projects. It also produces and sells copper cathodes. Austral Resources Australia Ltd was incorporated in 2010 and is based in Brisbane, Australia.	150.2	54.8	65.5
Pantoro Limited (ASX:PNR)	Pantoro Limited, together with its subsidiaries, engages in the gold mining, processing, and exploration activities in Western Australia. The company explores for gold and silver deposits. Its flagship property is the Nicolsons Project located in the Kimberley Region of Western Australia. The company was formerly known as Pacific Niugini Limited and changed its name to Pantoro Limited in December 2015. Pantoro Limited was incorporated in 1986 and is based in West Perth, Australia.	230.2	77.2	56.5
Ora Banda Mining Limited (ASX:OBM)	Ora Banda Mining Limited engages in the exploration, operation, and development of mineral properties in Australia. The company explores for gold, nickel, copper, lithium, and base metal deposits. It holds 100 % interest in the Davyhurst Gold project comprises 92 tenements covering an area of approximately 1,210 square kilometers located in North-West of Kalgoorlie, Western Australia. Its production deposits also include the Riverina, Sand King, Missouri, Waihi, Callion, Lady Ida, Mulline, and Golden Eagle projects. The company was formerly known as Eastern Goldfields Limited and changed its name to Ora Banda Mining Limited in June 2019. Ora Banda Mining Limited was incorporated in 2002 and is based in West Perth, Australia.	241.7	140.3	24.3
Manuka Resources Limited (ASX:MKR)	Manuka Resources Limited engages in the exploration and development of gold and silver properties. It operates in two segments, Exploration and Operations. The company holds interest in the Mt Boppy gold project, which comprises 3 granted mining leases, 4 gold leases, and one exploration license covering an area approximately 210 square kilometers located in east of Cobar in the Central West region of New South Wales; and the Wonawinta silver project located in the east of Cobar Basin. Manuka Resources	33.5	23.3	13.5

Company Name	Business Description	Market Capitalization	Total Revenue (last twelve months)	Total Debt (Latest Annual)
	Limited was incorporated in 2016 and is based in Sydney, Australia.			
Tulla Resources Plc (ASX:TUL)	Tulla Resources Plc, together with its subsidiaries, engages in the exploration, evaluation, and development of gold property in Australia. It primarily holds a 50% interest in the Norseman Gold project that comprises 155 near-contiguous mining tenements covering approximately 800 square kilometers located in the Eastern Goldfields of Western Australia. The company was formerly known as Norseman Gold Plc and changed its name to Tulla Resources Plc in December 2020. Tulla Resources Plc was incorporated in 2006 and is based in Bondi Junction, Australia. Tulla Resources Plc is a subsidiary of Tulla Resources Group Pty Limited.	114.2	8.66	37.1
Aurelia Metals Limited (ASX:AMI)	Aurelia Metals Limited explores for and develops mineral properties in Australia. The company primarily explores for gold, silver, lead, zinc, and copper deposits. It owns 100% interests in the Hera mine located to the south-east of Cobar, New South Wales; and the Peak mine situated in the northern part of the Cobar Basin, New South Wales, as well as the Dargues mine located in southeastern New South Wales. The company was formerly known as YTC Resources Limited and changed its name to Aurelia Metals Limited in June 2014. Aurelia Metals Limited was incorporated in 2004 and is headquartered in Brisbane, Australia.	167.1	396.5	45.5
BCI Minerals Limited (ASX:BCI)	BCI Minerals Limited engages in the exploration and development of mineral assets in Australia. The company explores for salt, iron ore, and sulphate of potash deposits. It primarily focuses on its 100% interest owned in the Mardie Salt and Potash Project located in the West Pilbara coast, as well as owns interest in the Iron Valley mine located in the Central Pilbara. The company was formerly known as BC Iron Limited and changed its name to BCI Minerals Limited in December 2017. BCI Minerals Limited was incorporated in 2006 and is based in West Perth, Australia.	278.6	48.6	20.5
Focus Minerals Limited (ASX:FML)	Focus Minerals Limited engages in the exploration and development of gold in Western Australia. The company holds a 100% interest in the Coolgardie gold project located on the western side of the Archaean Norseman-Wiluna Greenstone belt within the Coolgardie Domain; and the Laverton gold project located in the Yilgarn Craton of Western Australia. The company was incorporated in 1978 and is headquartered in East Perth, Australia. Focus Minerals Limited operates as a subsidiary of Shandong Gold International Mining Corporation Limited.	54.4	16.9	35.6