

9 May 2023

Further Steps To Move 3Moz Bau Gold Project Closer To Production

Finance Facility Update

- ***Binding Gold Purchase Agreement (Facility) for up to US\$300m signed with major shareholder Quantum Metal Recovery Inc (Quantum), giving effect to the non-binding term sheet previously announced (Refer ASX announcement 21 March 2023).***
- ***The Facility provides up to a US\$300m deposit, to be paid over 30 months, against future gold production ounces, enabling Besra to fully fund production at Bau and the appraisal of other deposits within the Bau goldfield corridor.***
- ***Besra believes the financing to be one of the largest deals of its kind signed by an ASX listed junior.***
- ***The Facility is expected to remove the need for dilutive equity financing and project/corporate debt encumbering Besra with hedging requirements and/or onerous covenants and is expected to be delivered at up to US\$10m per month.***
- ***Besra confirms receipt of the first US\$2,000,000 instalment of the US\$5,000,000 Initial Deposit with the balance to be remitted to the Company by no later than 3 business days after the Conditions Precedent have been satisfied.***
- ***Besra continues to target fully operational Facility (including date of first drawdown of US\$10m) by 30 June 2023 (subject to completion of remaining CPs).***

Management Changes

- ***With Bau moving toward the development phase Dr Ray Shaw has agreed to step down as CEO and move into the role of Chief Operating Officer to focus on in-country development and exploration activities.***
- ***Acacia Executive Search have been appointed to recruit a replacement CEO for the Company.***
- ***Jocelyn M. Bennett has been appointed to assume the role of Besra's Executive Chair.***

Besra's Executive Chair, Jocelyn Bennet, commented:

"The announcement of progress this landmark agreement, as well as the accompanying corporate changes, moves Besra's 3Moz Bau Gold Project closer to production. In particular, this extraordinary funding deal should provide ample funding for the development of Bau and allows us to bring the project into production in a way that is uniquely non-dilutive to our shareholders and to retain exposure to gold price movements, free of hedging or other onerous covenants. Whilst we have several Conditions Precedent yet to fulfil we expect the US\$300m Facility to be fully operational by June 30, 2023.

I would also like to take this opportunity to thank Ray Shaw for his valuable contribution as CEO of Besra over many years and the work he has led to date on the Bau Project. We feel that the development and exploration potential of the project he has helped unlock should be the envy of our peers"

Binding Gold Purchase Agreement

The Board of Besra Gold Inc (ASX:BEZ) (ARBN 141 335 686) (**Besra** or the **Company**) is very pleased to announce that it and its wholly owned Malaysian subsidiary North Borneo Gold Sdn Bhd (**NBG**) have today entered into a legally binding Gold Purchase Agreement (**GPA**) with the Company's major shareholder, Quantum Metal Recovery Limited (**Quantum**), giving effect to the non-binding term sheet announced on 21 March 2023.

Under the terms of the GPA, the Company has agreed to sell to Quantum a quantity of refined gold from Bau (or any other gold project owned by the Company or its subsidiaries at any time) until:

- (i) 3,000,000 ounces of refined gold has been received by Quantum; or
- (ii) aggregate deposits in an amount equivalent to US\$300,000,000 (the Facility) have been received by the Company from Quantum.

Conditions Precedent

The Facility is conditional upon the following Conditions Precedent being satisfied within 85 business days of the after the date of the GPA (or such longer period as may reasonably be required):

- completion of security documentation (**Security**) (see below);
- shareholder approvals in accordance with ASX Listing Rule 10.1 for both the Facility and the Security (BDO has been engaged to provide an independent expert's report on the transactions);
- ASX and Canadian Business Corporations ACT (**CBCA**) regulatory compliance and/or approvals.

Initial Deposit

As announced to ASX on 4 April 2023, the Company advised of the receipt of the first US\$2,000,000 instalment of the US\$5,000,000 Initial Deposit.

The second instalment of US\$3,000,000 of the Initial Deposit is to be remitted to the Company by no later than 3 business days after the Conditions Precedent have been satisfied.

Further Deposits

On and from the satisfaction of the Conditions Precedent, Quantum is to provide cash payments in an amount, or amounts, not exceeding (in aggregate) US\$10,000,000 per month to acquire additional refined gold from the Company up to the maximum deposit limit of US\$300,000,000.

The funds raised are to be used for the following purposes:

- (a) funding the development, construction, operation and commissioning of Bau and/or any other project of the Company or NBG (including associated infrastructure and access) (**Project**);
- (b) renewal of mining leases in respect of any Project;
- (c) exploration and mining activities and feasibility studies pursued with the intention of increasing the gold resources available to the Company and its subsidiaries;
- (d) mergers and acquisitions undertaken with the intention of increasing the gold resources available to the Company and its subsidiaries;
- (e) gold treasury activities; and
- (f) corporate and working capital purposes (including the payment of all-in sustaining costs to produce gold).

Offtake Facility Fee

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\$0.09c per CDI.

The CDI's are to be issued to Quantum within 10 business days of all Conditions Precedent being satisfied.

As advised on 21 March 2023, the Facility was negotiated on behalf of the Company by Besra shareholder and corporate advisor, Noblemen Ventures Pty Ltd ("**Noblemen**")¹.

Timetable

Given that shareholder and other approvals are required, it is the Company's expectation that practical satisfaction of the Conditions Precedent will be completed by the end of the second quarter of 2023. An indicative timetable is set out below:

- Notice of Meeting (NOM) sent to ASX for review – 24 May 2023
- despatch of NOM – 1 June 2023
- shareholder meeting date – 28 June 2023
- fully operational Facility (including date of first drawdown of US\$10m) - 30 June 2023

Security

NBG 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 GPA. Subject to the receipt of shareholder approval, Security will be provided to Quantum over the Company's indirect shareholding in NBG, its interest in the tenements

¹ Noblemen Ventures Pty Ltd is to be paid a 5% commission payable on Besra's drawdown of funds from Quantum. The commission has been agreed by Quantum and will be included in the AISC calculation. Noblemen is a small shareholder (<1%) with no related party or associated party connections to major shareholders or Directors.

comprising the Bau goldfield and a bank account into which deposits in respect of gold purchased will be remitted to by Quantum.

Term

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

- (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 GPA and Quantum has purchased and paid for such refined gold;
- (b) a party gives notice in writing electing to terminate the GPA 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 GPA;
- (c) the parties all agree in writing to terminate the GPA;
- (d) the Company terminates the GPA if either:
 - (i) 2 years has elapsed from the date the Conditions Precedent are satisfied, or
 - (ii) deposits totalling US\$240,000,000 have been received by the Company;
- (e) Quantum terminates the GPA if the Company fails to deliver refined gold within 5 business days of which the date on which sale and delivery is required;
- (f) the Company terminates the GPA if Quantum fails to pay any part of the purchase price for the refined gold;
- (g) either party fails to perform any other undertaking or obligation under the GPA and where that failure is remediable, either party (as applicable) does not remedy that failure within 55 business of the giving of notice;
- (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;
- (i) an insolvency event occurs in respect of the Company or Quantum;
- (j) a change of control of the Company or NBG occurs; or
- (k) Quantum terminates if Bau doesn't produce gold in mineral concentrate by no later than 31 December 2023.

The Company, during the term of the GPA, has undertaken to:

- diligently construct, develop, equip, operate and maintain Bau in accordance with good operating practice; and
- 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 GPA are considered standard for an agreement of this nature.

Besra's Chair, Jocelyn Bennett commented:

"We are very pleased to have delivered on the definitive documentation contemplated in the term sheet signed with Quantum in March. We regard the Facility as transformational for Besra and the Bau Gold project, and will now turn our attention to satisfying all conditions. I once again thank Quantum for its faith in Besra and its management team, and look forward to developing Bau without further delay."

Quantum's Executive Chairman Dato Lim Khong Soon commented:

"We are most pleased to have taken the next step in a long-term involvement with Besra and the Bau Goldfield. This opportunity to secure a material long term supply of gold for our bullion trading business is very propitious, and we expect to commence deposit of funds following satisfaction of the conditions."

Management changes

Consistent with the Besra's objective of moving Bau into production, the Company intends to strengthen its senior management and the Board composition in order to better achieve that goal. As part of that process, Dr Ray Shaw will move into the role of Chief Operating Officer to focus his attention on the development of Bau project, enabling the appointment of a replacement CEO.

Perth-based Acacia Executive Search (www.acaciantl.com), has been appointed as Besra's executive search agent to recruit a replacement CEO. In the meantime, Dr Shaw's former corporate duties will be shared between the Company's Executive Director, John Seton and Chair, Jocelyn Bennett (who has assumed the role of Executive Chair). Besra's Board thanks Mr Shaw for his key role in moving the Company through to this stage and welcomes his continuing involvement in the future development of Bau.

Besra will also look to strengthen its board by the addition of industry-experienced professionals with a proven history of project delivery. Further announcements will be released as appointments are made.

About Besra – www.besra.com

Besra is a gold exploration company focused on the exploration and development of the 3m ounce (JORC) Bau Goldfield in East Malaysia. The Bau Project hosts a total gold JORC (2012) compliant Resource Inventory comprising Measured 3.4 mt @ 1.5 g/t for 166.9k ounces, Indicated 16.4 mt @ 1.6 g/t for 824.0k ounces and Inferred 47.9 mt @ 1.3 g/t for 1989.4k ounces².

In addition to the JORC-2012 Mineral Resource, the project has a global Exploration Target³ of between 4.89 and 9.27m ounces of gold @ 1.7–2.5 g/t Au.

About Quantum Metal Recovery Inc

Quantum Metal Recovery Inc is a wholly owned subsidiary of Quantum Metal Sdn Bhd (QMSB). QMSB is primarily engaged in the supply and trading of precious metal products and is a leading bullion provider specialising in gold.

Founded in Malaysia in 2012, it recently acquired the Quantum Metal Exchange Inc. (OTC: QMEI), a company listed on the OTC Markets in the United States.

This announcement was authorised for release by the Chair of Besra Gold Inc.

For further information:

John Seton
Executive Director
Email: john@besra.com

Ben Henri
Media + Capital Partners
Mobile: +61 473 246 040
Email: ben.henri@mcpartners.com.au

² Refer Appendix 5B, ASX Release 30 January 2023.

Competent Person's Statement

The information in this announcement that relates to Exploration Targets, Exploration Results or estimates of Mineral Resources is based on information compiled by Mr Kevin Wright, a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer, and a Chartered Environmentalist. Mr Wright is a consultant working for Wrightech Engineering, and has been engaged by Besra. Mr Wright has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Wright has given his consent as to the form and context in which all references to Exploration Targets, Exploration Results or estimates of Mineral Resources disclosed herein.

Disclaimer

This Announcement contains certain forward-looking statements and forecasts concerning future activities, including potential delineation of resources. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Besra Gold Inc. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending upon a variety of factors. Nothing in this Announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

Unless otherwise indicated, all mineral resource estimates and Exploration Targets included or incorporated by reference in this Announcement have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists.

Disclosure

Prior information contained in this announcement is based on the following publicly available announcements previously lodged on the SEDAR platform:

- Besra Gold Inc Bau Gold Project Sarawak Malaysia Exploration Target Inventory. Lodged SEDAR Platform Feb 26, 2021;*
- Besra Bau Project – Mineral Resource and Ore Reserve Updated to JORC 2012 Compliance. Lodged SEDAR Platform Nov 22, 2018; and*
- Appendix 5B Disclosure released to the ASX on 30 January 2023, which are available on <https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00001815> or on Besra's website www.besra.com.*

