

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

GOLDEN RIVER RESOURCES CORP.  
Form 10QSB  
May 15, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007 or  
-----

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from ----- to -----

Commission File Number 0-16097  
-----

GOLDEN RIVER RESOURCES CORPORATION  
(formerly BAY RESOURCES LTD)  
(Exact name of Registrant as specified in its charter)

Delaware 98-0079697  
-----  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

Level 8, 580 St. Kilda Road, Melbourne, Victoria, 3004 Australia  
-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 011 (613) 8532 2860  
-----

Indicate by check mark whether the Registrant (1) filed all reports required to  
be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months  
(or for such shorter period that the Registrant was required to file such  
reports), and (2) has been subject to such filing requirements for the past 90  
days.

Yes X No  
-----

Indicate by check mark whether the Registrant is a shell company (as defined in  
Rule 12b-2 of the Exchange Act).

Yes No X  
-----

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date. There were 26,711,630  
outstanding shares of Common Stock as of May 12, 2007. (Does not include

# Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

10,000,000 shares of common stock that are issuable upon exercise of Special Warrants, without the payment of any additional consideration.)

Transitional Small Business Disclosure Format (Check one) Yes  No

## Table Of Contents

	PAGE NO	
	-----	
PART I.	FINANCIAL INFORMATION	
Item 1	Financial Statements	2
Item 2	Management's Discussion and Analysis or Plan of Operation	12
Item 3	Controls and Procedures	15
PART II	OTHER INFORMATION	
Item 1	Legal Proceedings	16
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	16
Item 3	Defaults Upon Senior Securities	16
Item 4	Submission of Matters to a Vote of Security Holders	16
Item 5	Other Information	16
Item 6	Exhibits	16
SIGNATURES		17
EXHIBIT INDEX		18
Exh. 31.1	Certification	19
Exh. 31.2	Certification	21
Exh. 32.1	Certification	23
Exh. 32.2	Certification	24

1

## Item 1. FINANCIAL STATEMENTS

Introduction to Interim Financial Statements.

The interim financial statements included herein have been prepared by Golden River Resources Corporation ("Golden River Resources" or the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2006.

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

In the opinion of management, all adjustments, consisting of normal recurring adjustments and consolidating entries, necessary to present fairly the financial position of the Company and subsidiaries as of March 31, 2007, the results of its operations for the three and nine month periods ended March 31, 2007 and March 31, 2006, and the changes in its cash flows for the nine month periods ended March 31, 2007 and March 31, 2006, have been included. The results of operations for the interim periods are not necessarily indicative of the results for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNLESS OTHERWISE INDICATED, ALL FINANCIAL INFORMATION PRESENTED IS IN AUSTRALIAN DOLLARS.

2

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Consolidated Balance Sheet  
March 31, 2007  
(Unaudited)

	A\$000's
	-----
ASSETS	
Current Assets	
Cash	635
Receivables	98
Prepayments and Deposits	47
	-----
Total Current Assets	780
	-----
Non Current Assets	
Property and Equipment, net	3
	-----
Total Non Current Assets	3
	-----
Total Assets	783
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable and Accrued Expenses	161
	-----
Total Current Liabilities	161
	-----

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Total Liabilities	161
	-----
Stockholders' Equity:	
Common Stock: \$.0001 par value	3
100,000,000 shares authorized, 26,714,130 issued	
Additional Paid-in-Capital	34,523
Less Treasury Stock at Cost, 2,500 shares	(20)
Other Comprehensive Loss	(4)
Retained Deficit during exploration stage	(7,478)
Retained Deficit prior to exploration stage	(26,402)
	-----
Total Stockholders' Equity	622
	-----
Total Liabilities and Stockholders' Equity	783
	=====

See Notes to Consolidated Financial Statements

3

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)

Consolidated Statements of Operations

Three and Nine Months Ended March 31, 2007 and 2006 and for the cumulative period July 1, 2002 (inception of exploration activities) to March 31, 2007 (Unaudited)

	Three Months Ended March 31, 2007 A\$000's	Three Months Ended March 31, 2006 A\$000's	Nine Months Ended March 31, 2007 A\$000's	Nine Months Ended March 31, 2006 A\$000's	July 2002 March 2 A\$00
Revenues	A\$-	A\$-	A\$-	A\$-	
	-----				
Costs and Expenses:					
Stock Based Compensation	152	32	195	168	7
Exploration Expenditure	10	37	434	162	3,0
Loss on Disposal of Equipment	-	-	-	-	
Interest Expense, net	-	36	-	99	4
Legal, Accounting and Professional	12	39	90	78	5
Administrative	128	146	363	461	2,5
	-----				
	302	290	1,082	968	7,4
	-----				
(Loss) from Operations	(302)	(290)	(1,082)	(968)	(7,4

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Foreign Currency Exchange Gain (Loss)	(15)	(13)	(76)	(36)	(
Other Income:					
Interest - net, related entity	3	-	10	-	
- other	-	-	2	-	
-----					
(Loss) before Income Tax	(314)	(303)	(1,146)	(1,004)	(7,4
Provision for Income Tax	-	-	-	-	
-----					
Net (Loss)	(314)	(303)	(1,146)	(1,004)	(7,4
-----					
Basic net (Loss) Per Common Equivalent Shares	\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.04)	\$ (0.
-----					
Weighted Number of Common Equivalent Shares Outstanding (000's)	27,823	16,714	27,823	16,714	15,0
-----					

See Notes to Consolidated Financial Statements

4

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Consolidated Statements of Cash  
Flows Nine Months Ended March 31, 2007 and 2006  
and for the cumulative period  
July 1, 2002 (inception of exploration activities) to March 31, 2007  
(Unaudited)

	A\$000's	A\$000's	A\$000's
	2007	2006	July 1, 2002 to March 31, 2006
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss)	(1,146)	(1,004)	(7,477)
Adjustments to reconcile net (loss) to net cash used in Operating Activities			
Foreign Currency Exchange Loss/(Gain)	76	36	76
Depreciation of Plant and Equipment	6	5	2
Stock based compensation	195	168	76
Accrued interest added to principal	-	26	18
Net Change in:			
Receivables	(58)	41	(9)
Staking Deposit	-	-	2
Prepayments and Deposits	-	4	(5)
Accounts Payable and Accrued Expenses	(446)	52	(36)

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Short Term Advance - Affiliates	(1)	-	(3)
Net Cash (Used) in Operating Activities	(1,374)	(622)	(6,95)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment	-	-	(2)
Net Cash (Used) in Investing Activities	-	-	(2)
CASH FLOW PROVIDED BY FINANCING ACTIVITIES			
Net Borrowings from Affiliates	-	643	1,03
Sale of Warrants (net)	(7)	-	4,31
Proceeds from Loan Payable	-	-	2,27
Net Cash Provided by (Used in) Financing Activities	(7)	643	7,61
Net Increase (decrease) in Cash	(1,381)	21	63
Cash at Beginning of Period	2,016	2	
Cash at End of Period	635	23	63
Supplemental Disclosures			
Interest Paid	-	15	35
NON CASH FINANCING ACTIVITY			
Debt repaid through issuance of shares	-	-	4,27
Stock Options recorded as Deferred Compensation	-	-	57
See Notes to Consolidated Financial Statements			

5

	Shares	Common Stock Amount	Treasury Stock, at Cost	Additional Paid-in Capital	Retained (Deficit) (during the Exploration stage)	Retained (Deficit) (prior to Exploration stage)
Balance June 30, 2002	6,347	\$1	\$(20)	\$25,175	-	\$(26,402)
Net loss	-	-	-	-	\$(681)	-
Balance June 30, 2003	6,347	\$1	\$(20)	\$25,175	\$(681)	\$(26,402)
Issuance of 1,753,984						

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

shares and warrants in lieu of debt repayment	1,754	-	-	\$2,273	-	-
Sale of 1,670,000 shares and warrants	1,670	-	-	\$2,253	-	-
Issuance of 6,943,057 shares on cashless exercise of options	6,943	\$1	-	\$ (1)	-	-
Net unrealized loss on foreign exchange	-	-	-	-	-	-
Net (loss)	-	-	-	-	\$ (1,723)	-
-----						
Balance June 30, 2004	16,714	\$2	\$ (20)	\$29,700	\$ (2,404)	\$ (26,402)
Amortization of 1,400,000 options under 2004 stock option plan	-	-	-	-	-	-
Net unrealized gain on foreign exchange	-	-	-	-	-	-
Net/(loss)	-	-	-	-	\$ (2,600)	-
-----						
Balance June 30, 2005	16,714	\$2	\$ (20)	\$30,275	\$ (5,004)	\$ (26,402)
To eliminate deferred compensation against Paid-In Capital	-	-	-	\$ (198)	-	-
Issuance of 10,000,000 shares and 20,000,000 options in lieu of debt repayment	10,000	\$1	-	\$1,999	-	-
Sale of 20,000,000 normal warrants	-	-	-	\$997	-	-
Sale of 10,000,000 special warrants	-	-	-	\$1,069	-	-

See Notes to Consolidated Financial Statements

6

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)  
March 31, 2007  
and for the cumulative period July 1, 2002  
(inception of exploration activities) to March 31, 2007  
(Unaudited) Continued

Shares	Common Stock Amount	Treasury Stock, at Cost	Additional Paid-in Capital	Retained (Deficit) (during the Exploration stage)	Retained (Deficit) (prior to Exploration stage)	De C s
-----	-----	-----	-----	-----	-----	-----
000's	A\$000's	A\$000's	A\$000's	A\$000's	A\$000's	A

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Net unrealized loss on foreign exchange	-	-	-	-	-	-
Net (loss)	-	-	-	-	\$(1,328)	-
<hr/>						
Balance June 30, 2006	26,714	\$3	\$(20)	\$34,333	\$(6,332)	\$(26,402)
Costs associated with sale of normal and special warrants	-	-	-	\$(5)	-	-
Amortization of 1,400,000 options under 2004 stock option plan	-	-	-	\$7	-	-
Amortization of 4,650,000 options under 2006 stock option plan	-	-	-	\$188	-	-
Net unrealized loss on foreign exchange	-	-	-	-	-	-
Net (loss)	-	-	-	-	\$(1,146)	-
<hr/>						
Balance March 31, 2007	26,714	\$3	\$(20)	\$34,523	\$(7,478)	\$(26,402)
<hr/>						

See Notes to Consolidated Financial Statements

7

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2007

(1) Organisation  
-----

Golden River Resources Corporation ("Golden River Resources"), formerly Bay Resources Ltd, is incorporated in the State of Delaware. The principal shareholders of Golden River Resources are companies associated with Mr JI Gutnick and Mrs S Gutnick. These companies owned 77.48% of Golden River Resources as of March 31, 2007. During fiscal 1998, Golden River Resources incorporated a further subsidiary, Baynex.com Pty Ltd (formerly Bayou Australia Pty Ltd), under the laws of Australia. Baynex.com Pty Ltd has not traded since incorporation. On August 21, 2000, Golden River Resources incorporated a new wholly owned subsidiary, Bay Resources (Asia) Pty Ltd (formerly Bayou International Pty Ltd), a corporation incorporated under the laws of Australia. In June 2002, the Company incorporated a new wholly owned subsidiary, Golden Bull Resources Corporation (formerly 4075251 Canada Inc), a corporation incorporated under the laws of Canada. Golden Bull Resources Corporation is undertaking exploration activities for gold in Canada. On March 8, 2006, shareholders approved the change of the Company's name to Golden River Resources.

(2) Short-Term Advance - Affiliate  
-----

During the nine months ended March 31, 2007 the Company repaid A\$1,329 owing to Joseph Gutnick, President of Golden River Resources.

(3) Affiliate Transactions  
-----

Golden River Resources advances to and receives advances from various affiliates. All advances between consolidated affiliates are eliminated



## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

on consolidation.

Included in receivables at March 31, 2007 was A\$57,567 due by AXIS, an affiliated management company. At March 31, 2006 the Company owed AXIS A\$134,504. During the nine months ended March 31, 2007 and 2006 AXIS advanced Golden River Resources A\$427,000 and A\$94,250 respectively, provided services in accordance with the service agreement of A\$305,817 and A\$286,141 respectively and advanced/reimbursed AXIS A\$53,000 and A\$562,569 respectively for outstanding amounts, including carried forward outstanding amounts and a short term advance to assist with the payment of anticipated future costs incurred on the behalf of the Company. During the nine months ended March 31, 2006 AXIS charged interest of A\$19,918 at an interest rate of 9.35%. During the nine months ended March 31, 2007 the Company charged AXIS interest of A\$9,834 at an interest rate between 9.35% to 10.10%. AXIS is affiliated through common management and ownership.

Wilzed Pty Ltd, a company associated with the President of the Company, Joseph Gutnick, provided loan funds to enable the Company to meet its liabilities and has paid certain expenses on behalf of the Company. During the nine months ending March 31, 2006, Wilzed loaned the Company A\$809,999 and charged interest of A\$71,156. The interest rate charged by Wilzed for the nine months was 9.35%. At March 31, 2006, the Company owed Wilzed A\$1,556,627. At March 31, 2007, there were no amounts owing to Wilzed as they had been repaid in full during the twelve months ended June 30, 2006.

Interest expense incurred on loans and advances due to affiliated entities approximated A\$91,075 in the nine months ended March 31, 2006 and \$nil in the nine months ended March 31, 2007.

#### (4) Recent Accounting Pronouncements

-----

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 (FIN 48), which provides clarification related to the process associated with accounting for uncertain tax positions recognized in consolidated financial statements. FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FIN 48 also provides guidance related to, among other things, classification, accounting for interest and penalties associated with tax positions, and disclosure requirements. FIN 48 is effective for fiscal years

8

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2007

#### (4) Recent Accounting Pronouncements (Cont'd)

-----

beginning after December 15, 2006. The adoption of this statement did not have a material effect on the Company's future reported financial position or results of operations.

In February 2007 the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-- Including an Amendment of FASB Statement No. 115", which permits companies to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company does not expect SFAS 159 to have a material impact on

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

its results of operations or financial position.

### (5) Going Concern

-----

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of Golden River Resources as a going concern. Golden River Resources is in the exploration stage, has sustained recurring losses which raises substantial doubts as to its ability to continue as a going concern.

In addition Golden River Resources has historically relied on loans and advances from corporations affiliated with the President of Golden River Resources. Based on discussions with these affiliate companies, Golden River Resources believes this source of funding will continue to be available. Other than the arrangements noted above, Golden River Resources has not confirmed any other arrangement for ongoing funding. As a result Golden River Resources may be required to raise funds by additional debt or equity offerings in order to meet its cash flow requirements during the forthcoming year.

The accumulated deficit of the Company from inception through March 31, 2007 amounted to A\$33,880,000 of which A\$7,478,000 has been accumulated from July 2002, the date the Company entered the Exploration Stage, through March 31, 2007.

### (6) Income Taxes

-----

Golden River Resources should have carried forward losses of approximately US\$22.6 million as of June 30, 2006 which will expire in the year 2007 through 2025. Golden River Resources will need to file tax returns for those years having losses on which returns have not been filed to establish the tax benefits of the net operating loss carry forwards. Due to the uncertainty of the availability and future utilization of those operating loss carry forwards, management has provided a full valuation against the related tax benefit.

### (7) Issue of Options under Stock Option Plan

-----

On January 1, 2006, the Company adopted revised SFAS No.123, Share-Based payment, which addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for (a) equity instruments of that company or (b) liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. Because the Company had previously adopted the fair value recognition provisions of SFAS No. 123, the revised standard did not have a material impact on its financial statements.

Consistent with the provisions of APB No. 25, the Company recorded the fair value of stock option grants in stockholders equity. Under SFAS No.123R an equity instrument is not considered to be issued until the instrument vests. Accordingly, as provided in SFAS No.123R, effective July 1, 2005, the Company has reversed A\$198,000 representing the unamortized restricted stock compensation included in stockholders equity, at June 30, 2005, for the unvested portions of stock option grants awarded prior to the effective date of SFAS No.123R.

# Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Notes to Consolidated Financial Statements  
March 31, 2007

## (7) Issue of Options under Stock Option Plan (Cont'd)

-----

The Company has accounted for all options issued based upon their fair market value using either the Black Scholes or Binomial option pricing method. Prior to 2006, the Company used the Black Scholes option pricing method to determine the fair market value of options issued. In 2006, the Company changed from using the Black Scholes option pricing method to the Binomial option pricing model. The Binomial option pricing model breaks down the time to expiration into a number of steps or intervals and can therefore be used to value American style options, taking into account the possibility of early exercise and reflect changing inputs over time. The options issued in 2006 have three vesting periods and therefore, the Company believed the Binomial option pricing model was a more accurate measure of the fair value of the options.

In October 2004, the Board of Directors and Remuneration Committee of the Company adopted a Stock Option Plan and agreed to issue 1,400,000 options and up to a further 500,000 options to acquire shares of common stock in the Company, at an exercise price of US\$1.00 per option, subject to shareholder approval which was subsequently received on January 27, 2005. Of the total 1,400,000 options issued, 350,000 vested immediately following shareholder approval, 50,000 vested on September 30, 2005, 333,331 vested on July 27, 2005, 333,334 vested on January 27, 2006 and 333,335 vested on July 27, 2006. An additional 500,000 options were not granted as the proposed recipient had resigned prior to the date on which the options were issuable. The exercise price of US\$1.00 was derived from the issue price of common stock from the placement of shares on September 30, 2004 and is considered by the Company's Directors to be the fair value of the common stock. The options expire on October 15, 2014.

The Company has calculated the fair value of the 1,400,000 options using the Black Scholes valuation method using a fair value share price of US\$1.00, strike price of US\$1.00, maturity period of 5 years 7 1/2 months, risk free interest rate of 5.15% and volatility of 20%. This equates to a value of US\$31.85 cents per option. The total value of the options equates to A\$575,100 (US\$445,900) and is being amortized over the vesting period. For the nine months ended March 31, 2007, the amortization amounted to A\$6,771. At March 31, 2007, the options were fully vested.

During the three months ended September 30, 2005, 50,000 options lapsed when Mr P. Ehrlich resigned as a Director and during the three months ended September 30, 2006, 250,000 options lapsed when Mr P. Althaus resigned as Chief Operating Officer.

A summary of the options outstanding and exercisable at March 31, 2007 are as follows:

	Outstanding	Exercisable
Number of options	1,100,000	1,100,000
Exercise price	US\$1.00	US\$1.00
Expiration date	October 15, 2014	October 15, 2014

On October 19, 2006, the Directors of the Company agreed to offer a further 4,650,000 options under the Stock Option Plan. The options have no issue price, an exercise price of US\$30.84 cents, and a latest exercise date of October 19, 2016. The options vest 1/3 on October 19, 2007 ("T1"), 1/3 on October 19, 2008 ("T2") and 1/3 on October 19, 2009 ("T3"). The Company obtained an external valuation on the options from an unrelated third party..

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

The Company has calculated the fair value of the 4,650,000 options using the binomial option pricing model using a fair value share price of US\$0.166, exercise price of US\$30.84 cents, expected life T1 - 5 years 6 months, T2 - 6 years, T3 - 6 years 6 months, risk-free interest rate of 4.75% and volatility of 90%. The total value of the options equates to A\$696,976 (US\$525,450) and is being amortized over the

10

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
March 31, 2007

(7) Issue of Options under Stock Option Plan (Cont'd)  
-----

vesting periods. For the nine months ended March 31, 2007, the amortization amounted to A\$188,463. At March 31, 2007, the unamortized deferred compensation related to these 4,650,000 options amounted to A\$508,513.

When aggregated with the amortization of the options issued in October 2004, for the nine months ended March 31, 2007, the total amortization amounted to \$195,234.

A summary of the options outstanding and exercisable at March 31, 2007 are as follows:

	Outstanding	Exercisable
Number of options	4,650,000	0
Exercise price	US\$0.308	US\$0.308
Expiration date	October 19, 2016	October 19, 2016

(8) Loss per share  
-----

Basic (loss) per share is computed based on the weighted average number of common shares outstanding during the period. Dilutive loss per share has not been presented as the effects of common stock equivalents are anti-dilutive. The Company has on issue 10,000,000 special warrants which are exercisable at any time until expiration and for no consideration. However, there is a restriction in the subscription agreement that does not allow the Company to process a warrant exercise notice if the holder (and its associates) would hold more than 9.99% of the shares of common stock. Accordingly, the Company has included 1,109,000 shares issuable by exercise of the special warrants in the weighted number of common equivalent shares outstanding.

Earnings per share

The Company calculates loss per share in accordance with SFAS No. 128, "Earnings per Share".

The following table reconciles the weighted average shares outstanding used for the computation:

	Three months ended	
	March 31	
	2007	2006
Weighted average shares	2007	2006

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

	000's	000's
Outstanding - basic	26,714	16,714
- Warrants	1,109	-
	-----	-----
Weighted average shares outstanding	27,823	16,714
	=====	=====

11

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

#### FUND COSTS CONVERSION

The consolidated statements of operations and other financial and operating data contained elsewhere here in and the consolidated balance sheets and financial results have been reflected in Australian dollars unless otherwise stated.

The following table shows the average rate of exchange of the Australian dollar as compared to the US dollar and Canadian dollar during the periods indicated:

9 months ended March 31, 2006	A\$1.00 = US\$.7110
9 months ended March 31, 2007	A\$1.00 = US\$.8080
9 months ended March 31, 2006	A\$1.00 = CDN\$.8302
9 months ended March 31, 2007	A\$1.00 = CDN\$.9339

#### RESULTS OF OPERATION

Three Months Ended March 31, 2007 vs. Three Months Ended March 31, 2006.

Other income increased from A\$nil in the three months ended March 31, 2006 to A\$2,965 in the three months ended March 31, 2007. The increase in other income - interest is a result of interest earned on monies owed to the Company by AXIS of A\$3,529 and from the monies held in bank accounts of A\$528.

Costs and expenses increased from A\$290,000 in the three months ended March 31, 2006 to A\$302,000 in the three months ended March 31, 2007. The Company's financial statements are prepared in Australian dollars (A\$). A number of the costs and expenses of the Company are incurred in US\$ and CDN\$ and the conversion of these costs to A\$ means that the comparison of the three months ended March 31, 2007 to the three months ended March 31, 2006 does not always present a true comparison.

The increase in costs and expenses is a net result of:

- a) a decrease in interest expense (net) from A\$35,834 for the three months ended March 31, 2006 to A\$nil for the three months ended March 31, 2007. For the three months ended March 31, 2007, the Company had no interest bearing liabilities as they had been repaid in full. For the three months to March 31, 2006, Wilzed charged A\$20,039 in interest and A\$8,000 general interest was charged on outstanding accounts payable liabilities. AXIS provides management and geological services to the Company pursuant to a Service Deed dated November 25, 1988. AXIS charged A\$1,552 in interest on outstanding amounts at a rate of 9.35%
- b) a decrease in legal, accounting and professional expense from A\$39,337 for the three months ended March 31, 2006 to A\$11,491 for the three months ended March 31, 2007. In the three months ended March 31, 2006, the Company incurred costs as a result of reviewing the proposed listing application and there was an increase in share registry

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

maintenance fees for which there was no comparable amounts in the three months ended March 31, 2007.

- c) a decrease in administrative costs including salaries from A\$146,212 in the three months ended March 31, 2006 to A\$127,344 in the three months ended March 31, 2007, primarily as a result of reduced administrative salaries and costs following the resignation of the Chief Operating Officer.
- d) a decrease in the exploration expenditure expense from A\$37,542 for the three months ended March 31, 2006 to A\$9,762 for the three months ended March 31, 2007 primarily as a result of decreased exploration activity. The cost for the three months ended March 31, 2006 represents the cost of the Vice President Exploration and associated costs. For the three months ended March 31, 2007, the costs related to consultants providing exploration reviews and advice. No field exploration was undertaken during the quarters ended March 31, 2006 or 2007.

12

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (Cont'd)

#### Three Months Ended March 31, 2007 vs. Three Months Ended March 31, 2006 (Cont'd)

an increase in stock based compensation from A\$33,000 for the three months ended March 31, 2006 to A\$153,000 for the three months ended March 31, 2007 as a result of an increase in the number of options outstanding. See Note 7 concerning the Company's outstanding stock options.

As a result of the foregoing, the loss from operations increased from A\$290,000 for the three months ended March 31, 2006 to A\$299,000 for the three months ended March 31, 2007.

The Company recorded a foreign currency exchange loss of A\$15,000 for the three months ended March 31, 2007 compared to A\$13,000 for the three months ended March 31, 2006.

The net loss was A\$314,000 for the three months ended March 31, 2007 compared to a net loss of A\$303,000 for the three months ended March 31, 2006.

Other income increased from A\$nil in the nine months ended March 31, 2006 to A\$12,000 in the nine months ended March 31, 2007. The increase in other income - interest is a result of interest earned on monies owed to the Company by AXIS of A\$10,000 and from the monies held in bank accounts of A\$2,000.

Costs and expenses increased from A\$968,000 in the nine months ended March 31, 2006 to A\$1,082,000 in the nine months ended March 31, 2007. The Company's financial statements are prepared in Australian dollars (A\$). A number of the costs and expenses of the Company are incurred in US\$ and CDN\$ and the conversion of these costs to A\$ means that the comparison of the nine months ended March 31, 2007 to the nine months ended March 31, 2006 does not always present a true comparison.

The increase in expenses is a net result of:

- a) a decrease in interest expense (net) from A\$99,000 for the nine months ended March 31, 2006 to A\$nil for the nine months ended March 31, 2007. For the nine months ended March 31, 2007, the Company had no interest bearing liabilities as they had been repaid in full. AXIS provides

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

management and geological services to the Company pursuant to a Service Deed dated November 25, 1988. AXIS charged A\$20,000 in interest on outstanding amounts at a rate of 9.35% for the nine months to March 31, 2006, Wilzed charged A\$71,000 in interest and A\$8,000 general interest was charged on outstanding accounts payable liabilities.

- b) an increase in legal, accounting and professional expense from A\$78,000 for the nine months ended March 31, 2006 to A\$90,000 for the nine months ended March 31, 2007. The increase is primarily the legal and accounting expenses involved in the preparation of the registration statement to register the warrants issued to RAB.
- c) a decrease in administrative costs including salaries from A\$461,000 in the nine months ended March 31, 2006 to A\$363,000 in the nine months ended March 31, 2007. In the nine month period to March 31, 2006, the Company employed a Chief Operating Officer and the costs of his salary and operating costs were treated as administrative expenses. The Chief Operating officer resigned in April 2006 and this resulted in a reduction in administrative costs as the Company did not have to pay the salary and operating costs in the nine months ended March 31, 2007.
- d) an increase in the exploration expenditure expense from A\$162,000 for the nine months ended March 31, 2006 to A\$434,000 for the nine months ended March 31, 2007. The cost for the nine months ended March 31, 2007 represents the field and sampling program undertaken of the Company's exploration properties within the Slave Craton in Nunavut, Canada. No field exploration was completed during the nine months ended March 31, 2006 due to the high level of field exploration in 2004 and limited funding.
- e) an increase in stock based compensation from A\$168,000 for the nine months ended March 31, 2006 to A\$195,000 for the nine months ended March 31, 2007 as a result of an increase in the number of outstanding options. See Note 7 concerning the Company's outstanding stock options.

13

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (Cont'd)

Nine Months Ended March 31, 2007 vs. Nine Months Ended March 31, 2006 (Cont'd)

As a result of the foregoing, the loss from operations increased from A\$968,000 for the nine months ended March 31, 2006 to A\$1,070,000 for the nine months ended March 31, 2007.

The Company recorded a foreign currency exchange loss of A\$76,000 for the nine months ended March 31, 2007 compared to A\$36,000 for the nine months ended March 31, 2006.

The net loss was A\$1,146,000 for the nine months ended March 31, 2007 compared to a net loss of A\$1,004,000 for the nine months ended March 31, 2006.

#### Liquidity and Capital Resources

For the nine months ended March 31, 2007, net cash used in operating activities was A\$1,374,000 primarily consisting of the net loss of A\$1,146,000; a decrease in receivables of A\$58,000, a decrease in accounts payable and accrued expenses of A\$446,000 and an increase in stock based compensation of A\$195,000.

## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Effective as of June 9, 2006, Golden River Resources, entered into a Subscription Agreement with RAB Special Situations Fund (Master) Limited ("RAB") pursuant to which the Company issued to RAB in a private placement transaction (the "Private Placement") for an aggregate purchase price of A\$2,000,000 (US\$1,542,000): (i) 10,000,000 special warrants (the "Special Warrants"), each of which is exercisable at any time to acquire, without additional consideration, one (1) share (the "Special Warrant Shares") of Common Stock, US\$0.001 par value ("Common Stock"), of the Company, and (ii) warrants (the "Warrants") for the purchase of 20,000,000 shares of Common Stock, US\$0.001 par value (the "Warrant Shares"), at an exercise price of A\$0.20 (US\$0.1542) to be exercisable until April 30, 2011.

The Company agreed to prepare and file with the Securities and Exchange Commission a registration statement covering the resale of the shares of Common Stock issuable upon exercise of the Special Warrants and the Warrants, which registration statement was declared effective on October 17, 2006.

The Company is obligated to keep such registration statement effective until the earlier of (i) the date that all of the Registrable Securities have been sold pursuant to such registration statement, (ii) all Registrable Securities have been otherwise transferred to persons who may trade such shares without restriction under the Securities Act, and the Company has delivered a new certificate or other evidence of ownership for such securities not bearing a restrictive legend, or (iii) all Registrable Securities may be sold at any time, without volume or manner of sale limitations pursuant to Rule 144(k) or any similar provision then in effect under the Securities Act; or (iv) 2 years from the effective date.

As of March 31, 2007 the Company had short-term obligations of A\$161,000 comprising accounts payable and accrued expenses.

We have A\$635,000 in cash at March 31, 2007.

During fiscal 2004 and 2005, we undertook a field exploration program on our Committee Bay and Slave Properties. In relation to the Committee Bay Properties, this was more than the minimum required expenditure and as a result, we do not have a legal obligation to undertake further exploration on those properties during their life. However our properties are prospective for gold and other minerals. We undertook further exploration in August 2006 on the Slave Properties and to date we have spent A\$434,000 on such exploration activities in fiscal 2007. We are currently investigating capital raising opportunities which may be in the form of either equity or debt, to provide funding for working capital purposes and future exploration programs. There can be no assurance that such a capital raising will be successful, or that even if an offer of financing is received by the Company, it is on terms acceptable to the Company.

14

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (Cont'd)

Cautionary Safe Harbor Statement under the United States Private Securities Litigation Reform Act of 1995.

Certain information contained in this Form 10-QSB's forward looking information within the meaning of the Private Securities Litigation Act of 1995 (the "Act") which became law in December 1995. In order to obtain the benefits of the "safe harbor" provisions of the act for any such forwarding looking statements, the Company wishes to caution investors and prospective investors about significant factors which among others have affected the Company's actual results and are in the future likely to affect the Company's actual results and



## Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

cause them to differ materially from those expressed in any such forward looking statements. This Form 10-QSB report contains forward looking statements relating to future financial results. Actual results may differ as a result of factors over which the Company has no control including, without limitation, the risks of exploration and development stage projects, political risks of development in foreign countries, risks associated with environmental and other regulatory matters, mining risks and competition and the volatility of gold and copper prices, movements in the foreign exchange rate and the availability of additional financing for the Company. Additional information which could affect the Company's financial results is included in the Company's Form 10-KSB on file with the Securities and Exchange Commission.

### Item 3. CONTROLS AND PROCEDURES

Our principal executive officer and our principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended) as of the end of the period covered by this report. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the appropriate management, including the principal executive and financial officers, on a basis that permits timely decisions regarding timely disclosure. Based on that evaluation, such principal executive officer and principal financial officer concluded that, the Company's disclosure control and procedure as of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

### Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

We believe that a controls system, no matter how well designed and operated, can not provide absolute assurance that the objectives of the controls system, no matter how well designed and operated, can not provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

15

## PART II

### OTHER INFORMATION

#### Item 1. LEGAL PROCEEDINGS

Not Applicable

#### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not Applicable

#### Item 3. DEFAULTS UPON SENIOR SECURITIES

Edgar Filing: GOLDEN RIVER RESOURCES CORP. - Form 10QSB

Not Applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

Item 5. OTHER INFORMATION

Not Applicable

Item 6. EXHIBITS

(a)	Exhibit No.	Description
	-----	-----
	31.1	Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
	31.2	Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
	32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley act of 2002
	32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley act of 2002

16

(FORM 10-QSB)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Golden River Resources Corporation

By:

/s/ J.I. Gutnick

-----

Joseph I. Gutnick  
Chairman of the Board, President and  
Chief Executive Officer  
(Principal Executive Officer)

By:

/s/ Peter Lee

-----

Peter Lee  
Peter Lee, Director, Secretary and  
Chief Financial Officer  
(Principal Financial Officer)

Dated May 14, 2007

17

EXHIBIT INDEX

Exhibit No. -----	Description -----
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley act of 2002