

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

GOLDEN RIVER RESOURCES CORP.  
Form 10QSB  
November 14, 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 September 30, 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  
-----  
(State or other jurisdiction of  
incorporation or organization)

98-0079697  
-----  
(IRS Employer  
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  No   
-----

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

Yes  No   
-----

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 November 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	13
Item 3 Controls and Procedures	14
PART II OTHER INFORMATION	
Item 1 Legal Proceedings	15
Item 2 Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3 Defaults Upon Senior Securities	15
Item 4 Submission of Matters to a Vote of Security Holders	15
Item 5 Other Information	15
Item 6 Exhibits	15
SIGNATURES	16
EXHIBIT INDEX	17
Exh. 31.1 Certification	18
Exh. 31.2 Certification	20
Exh. 32.1 Certification	22
Exh. 32.2 Certification	23

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

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

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, 2007.

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 September 30, 2007, the results of its operations for the three month period ended September 30, 2007 and September 30, 2006, and the changes in its cash flows for the three month period ended September 30, 2007 and September 30, 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  
September 30, 2007  
(Unaudited)

	A\$000's
	-----
ASSETS	
Current Assets	
Cash	21
Receivables	29
Prepayments and Deposits	53
	-----
Total Current Assets	103
	-----
Non Current Assets	
Property and Equipment, net	-
	-----
Total Non Current Assets	-
	-----
Total Assets	103
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

A\$000's

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

ASSETS	
Current Assets	
Cash	21
Receivables	29
Prepayments and Deposits	53
	-----
Total Current Assets	103
	-----
Non Current Assets	
Property and Equipment, net	-
	-----
Total Non Current Assets	-
	-----
Total Assets	103
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
*T	
-0-	
*T	
Current Liabilities	
Accounts Payable and Accrued Expenses	260
	-----
Total Current Liabilities	260
	-----
Total Liabilities	260
	-----
Stockholders' Equity:	
Common Stock: \$.0001 par value	
100,000,000 shares authorized,	
26,714,130 issued	3
Additional Paid-in-Capital	34,682
Less Treasury Stock at Cost, 2,500 shares	(20)
Other Comprehensive Loss	(14)
Retained Deficit during exploration stage	(8,406)
Retained Deficit prior to exploration stage	(26,402)
	-----
Total Stockholders' Equity (Deficit)	(157)
	-----
Total Liabilities and Stockholders' Equity	103
	=====
See Notes to Consolidated Financial Statements	

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

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 Consolidated Statements of Operations Three Month  
 Ended September 30, 2007 and 2006 and for the cumulative period  
 July 1, 2002 (inception of exploration activities) to September 30, 2007  
 (Unaudited)

	Three Months Ended September 30, 2007 A\$000's	Three Months Ended September 30, 2006 A\$000's	July 1, 2002 to September 30, 2007 A\$000's
Revenues	A\$-	A\$-	A\$-
-----			
Costs and Expenses:			
Stock Based Compensation	54	7	922
Exploration Expenditure	75	374	3,239
Loss on Disposal of Equipment	-	-	1
Interest Expense, net	-	-	416
Legal, Accounting and Professional	17	23	639
Administrative	138	129	3,072
	-----	-----	-----
	284	533	8,289
	-----	-----	-----
(Loss) from Operations	(284)	(533)	(8,289)
Foreign Currency Exchange Gain (Loss)	(6)	(16)	(125)
Other Income:			
Interest - net, related entity	-	3	5
- other	-	2	3
	-----	-----	-----
(Loss) before Income Tax	(290)	(544)	(8,406)
Provision for Income Tax	-	-	-
	-----	-----	-----
Net (Loss)	(290)	(544)	(8,406)
	-----	-----	-----
Basic net (Loss) Per Common Equivalent Shares	(0.01)	\$ (0.03)	(0.52)
	-----	-----	-----
Weighted Number of Common Equivalent Shares Outstanding (000's)	27,823	16,714	16,290
	-----	-----	-----

See Notes to Consolidated Financial Statements

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

4

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 Consolidated Statements of Cash Flows Three Months  
 Ended September 30, 2007 and 2006 and for the cumulative period  
 July 1, 2002 (inception of exploration activities) to September 30, 2007  
 (Unaudited)

	2007 A\$000's	2006 A\$000's	July 1, 2002 September 30, 2007 A\$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (Loss)	(290)	(544)	(8)
Adjustments to reconcile net (loss) to net cash (used) in Operating Activities			
Foreign Currency Exchange Loss	6	16	
Depreciation of Plant and Equipment	-	2	
Stock based compensation	54	7	
Accrued interest added to principal	-	-	
Net Change in:			
Receivables	(8)	(206)	
Staking Deposit	-	-	
Prepayments and Deposits	(5)	-	
Accounts Payable and Accrued Expenses	(73)	(236)	
Short Term Advance - Affiliates	-	(1)	
Net Cash (Used) in Operating Activities	(316)	(962)	(7)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Plant and Equipment	-	-	
Net Cash (Used) in Investing Activities	-	-	
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>			
Net Borrowings from Affiliates	-	-	1
Sale of Warrants (net)	-	(7)	4
Proceeds from Loan Payable	-	-	2
Net Cash Provided by (Used in) Financing Activities	-	(7)	7
Effects of Exchange Rate on Cash	(12)	-	

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

Net Increase (decrease) in Cash	(328)	(969)
Cash at Beginning of Period	349	2,016
Cash at End of Period	21	1,047
Supplemental Disclosures		
Interest Paid	-	-
NON CASH FINANCING ACTIVITY		
Debt repaid through issuance of shares	-	-
Stock Options recorded as Deferred Compensation	-	-

See Notes to Consolidated Financial Statements

5

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)  
September 30, 2007  
and for the cumulative period July 1, 2002  
(inception of exploration activities) to September 30, 2007  
(Unaudited)

	Shares	Common Stock Amount	Treasury Stock, at Cost	Additional Paid-in Capital	Retained (Deficit) (during the Exploration stage)	Retained (Deficit) (prior to Exploration stage)
	000's	A\$000's	A\$000's	A\$000's	A\$000's	A\$000's
Balance June 30, 2002	6,347	\$1	\$ (20)	\$25,175	-	\$ (26,400)
Net loss	-	-	-	-	\$ (681)	-
Balance June 30, 2003	6,347	\$1	\$ (20)	\$25,175	\$ (681)	\$ (26,400)
Issuance of 1,753,984 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)	\$ (26,400)
Amortization of 1,400,000 options under 2004 stock option plan	-	-	-	-	-	-
Net unrealized gain on foreign exchange	-	-	-	-	-	-

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

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)  
September 30, 2007  
and for the cumulative period July 1, 2002  
(inception of exploration activities) to September 30, 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
	000's	A\$000's	A\$000's	A\$000's	A\$000's	A\$000's	C
Net unrealized loss on foreign exchange	-	-	-	-	-	-	
Net (loss)	-	-	-	-	\$ (1,328)	-	
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	-	-	-	\$ 293	-	-	
Net unrealized loss on foreign exchange	-	-	-	-	-	-	
Net (loss)	-	-	-	-	\$ (1,784)	-	
Balance June 30, 2007	26,714	\$3	\$ (20)	\$ 34,628	\$ (8,116)	\$ (26,402)	\$
Amortization of 4,650,000 options under 2006 stock option plan	-	-	-	\$ 54	-	-	
Net unrealized loss							



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

on foreign exchange	-	-	-	-	-	-	-
Net (loss)	-	-	--	-	\$	(290)	-
Balance September 30, 2007	26,714	\$3	\$ (20)	\$	34,682	\$ (8,406)	\$ (26,402)

See Notes to Consolidated Financial Statements

7

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
(An Exploration Stage Company)  
Notes to Consolidated Financial Statements  
September 30, 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 September 30, 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 May 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) Affiliate Transactions

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

Included in payables at September 30, 2007 was A\$84,535 due to AXIS. During the three months ended September 30, 2007 and 2006 AXIS advanced Golden River Resources A\$nil and A\$125,936 respectively, provided services in accordance with the service agreement of A\$136,450 and A\$95,936 respectively and advanced/reimbursed AXIS A\$192,500 and A\$319,000 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 three months ended September 30, 2006 AXIS charged interest of A\$3,463 at an interest rate of 9.35%. During the three months ended September 30, 2007 AXIS did not charge interest. AXIS is affiliated through common management and ownership.

Interest expense incurred on loans and advances due to affiliated entities approximated A\$nil in the three months ended September 30, 2006 and \$nil in the three months ended September 30, 2007.

(3) Recent Accounting Pronouncements

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

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections ("SFAS No. 154") which replaces APB Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements—An Amendment of ABP Opinion No. 28. SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. Specially, this statement requires "retrospective application" of the direct effect for a voluntary change in accounting principle to prior periods' financial statements, if it is practical to do so. SFAS No. 154 also strictly defines the term "restatement" to mean the correction of an error revising previously issued financial statements. SFAS No. 154 is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005 and has been adopted by the Company in the first quarter of fiscal year 2007.

In July 2006, the 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 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.

8

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS No. 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS No. 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS No. 157 is effective for financial statements issued in fiscal years beginning after November 15, 2007 and for interim periods within those fiscal years. The Company is currently in the process of evaluating the effect, if any, the adoption of SFAS No 157 will have on the results of operations, financial position, or cash flows.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". SAB No 108 was issued in order to eliminate the diversity in practice surrounding how public companies quantify financial statement misstatements. SAB No 108 requires that registrants quantify errors using both a balance sheet (iron curtain) approach and an income statement (rollover) approach then evaluate whether either approach results in a misstatement amount that, when all relevant quantitative and qualitative factors are considered, is material. SAB No 108 is effective for the fiscal year ending after November 15, 2006. The adoption of this interpretation did not have a material impact 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

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

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 its results of operations or financial position.

### (4) 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 September 30, 2007 amounted to A\$34,808,000 of which A\$8,406,000 has been accumulated from July 2002, the date the Company entered the Exploration Stage, through September 30, 2007.

### (5) Income Taxes

Golden River Resources should have carried forward losses of approximately US\$22.6 million as of June 30, 2007 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.

### (6) 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

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 was amortized over the vesting period. At September 30, 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 September 30, 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..

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 vesting periods. For the three months ended September 30, 2007, the amortization amounted to A\$54,268 and 600,000 options were forfeited. At September 30, 2007, the unamortized deferred compensation of these

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

4,050,000 outstanding options amounted to A\$259,737.

10

A summary of the options outstanding and exercisable at September 30, 2007 are as follows:

	Outstanding	Exercisable
Number of options	4,050,000	1,350,000
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	
	September 30	
	2007	2006
	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

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

dollar as compared to the US dollar and Canadian dollar during the periods indicated:

3 months ended September 30, 2006 A\$1.00 = US\$.7571  
3 months ended September 30, 2007 A\$1.00 = US\$.8884  
3 months ended September 30, 2006 A\$1.00 = CDN\$.8321  
3 months ended September 30, 2007 A\$1.00 = CDN\$.8881

### RESULTS OF OPERATION

Three Months Ended September 30, 2007 vs. Three Months Ended September 30, 2006.

Costs and expenses decreased from A\$533,000 in the three months ended September 30, 2006 to A\$284,000 in the three months ended September 30, 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 September 30, 2007 to the three months ended September 30, 2006 does not always present a true comparison.

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

- a) a decrease in legal, accounting and professional expense from A\$23,000 for the three months ended September 30, 2006 to A\$17,000 for the three months ended September 30, 2007. In the three months ended September 30, 2006, the Company incurred costs as a result of reviewing the proposed listing application and there was an increase in share registry maintenance fees for which there was no comparable amounts in the three months ended September 30, 2007.
- b) an increase in administrative costs including salaries from A\$129,000 in the three months ended September 30, 2006 to A\$138,000 in the three months ended September 30, 2007, primarily as a result of an increase in the cost of services provided by AXIS in accordance with the service agreement partially offset by a reduction in administrative salaries and costs following the resignation of the Chief Operating Officer.
- c) a decrease in the exploration expenditure expense from A\$374,000 for the three months ended September 30, 2006 to A\$75,000 for the three months ended September 30, 2007 primarily as a result of decreased exploration activity. The cost for the three months ended September 30, 2006 represents the cost of the Vice President Exploration and associated costs. For the three months ended September 30, 2007, the costs related to consultants providing exploration reviews and advice. No field exploration was undertaken during the quarters ended September 30, 2006 or 2007.
- d) an increase in stock based compensation from A\$7,000 for the three months ended September 30, 2006 to A\$54,000 for the three months ended September 30, 2007 as a result of an increase in the number of options outstanding. See Note 6 concerning the Company's outstanding stock options.

Other income decreased from A\$5,344 in the three months ended September 30, 2006 to A\$nil in the three months ended September 30, 2007.

As a result of the foregoing, the loss from operations decreased from A\$533,000 for the three months ended September 30, 2006 to A\$284,000 for the three months ended September 30, 2007.

The Company recorded a foreign currency exchange loss of A\$6,000 for the three months ended September 30, 2007 compared to A\$16,000 for the three months ended September 30, 2006.

The net loss was A\$290,000 for the three months ended September 30, 2007 compared to a net loss of A\$544,000 for the three months ended September 30, 2006.

#### Liquidity and Capital Resources

For the three months ended September 30, 2007, net cash used in operating activities was A\$316,000 primarily consisting of the net loss of A\$290,000; a decrease in receivables of A\$8,000, a decrease in accounts payable and accrued expenses of A\$73,000 and an increase in stock based compensation of A\$54,000.

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 September 30, 2007 the Company had short-term obligations of A\$260,000 comprising accounts payable and accrued expenses.

We have A\$21,000 in cash at September 30, 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 we spent A\$502,000 on such exploration activities in fiscal 2007 and to date A\$75,000 in fiscal 2008 for maintenance cost. 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.

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

### 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 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.

13

### 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.



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

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 |

(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:

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

J.I. Gutnick

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

By:

Peter Lee

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

Dated November 14, 2007

16

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

17