

GOLDEN RIVER RESOURCES CORP.  
Form 10-Q  
February 14, 2011

---

---

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

\_\_\_\_\_  
FORM 10-Q  
\_\_\_\_\_

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

For the quarterly period ended: December 31, 2010  
or

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

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_  
GOLDEN RIVER RESOURCES CORPORATION  
(Exact name of registrant as specified in its charter)  
\_\_\_\_\_

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-16097  
(Commission  
File Number)

98-0079697  
(I.R.S. Employer  
Identification No.)

Level 8, 580 St Kilda Road Melbourne, Victoria, 3004, Australia  
(Address of Principal Executive Office) (Zip Code)

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

N/A  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were 56,807,594 outstanding shares of Common Stock as of February 14, 2011.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

---

---

---

## Table Of Contents

	PAGE NO
<u>PART I</u>	<u>FINANCIAL INFORMATION</u>
<u>Item 1</u>	<u>Financial Statements</u> 2
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 16
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u> 21
<u>Item 4</u>	<u>Controls and Procedures</u> 21
<u>PART II</u>	<u>OTHER INFORMATION</u>
<u>Item 1</u>	<u>Legal Proceedings</u> 22
<u>Item 1A</u>	<u>Risk Factors</u> 22
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 22
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u> 22
<u>Item 4</u>	<u>Removed and Reserved</u> 22
<u>Item 5</u>	<u>Other Information</u> 22
<u>Item 6</u>	<u>Exhibits</u> 22
<u>SIGNATURES</u>	23
<u>EXHIBIT INDEX</u>	24
Exh. 10.1	Subscription Agreement 25
Exh. 31.1	Certification 30
Exh. 31.2	Certification 32
Exh. 32.1	Certification 34
Exh. 32.2	Certification 35

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements.

#### Introduction to Interim Consolidated Financial Statements.

The interim consolidated 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 consolidated 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 consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended June 30, 2010.

In the opinion of management, all adjustments, consisting of normal recurring adjustments and consolidating entries, necessary to present fairly the consolidated financial position of the Company and subsidiaries as of December 31, 2010, the results of its consolidated operations for the three and six month periods ended December 31, 2010 and December 31, 2009, and the changes in its consolidated cash flows for the six month periods ended December 31, 2010 and December 31, 2009, have been included. The results of consolidated operations for the interim periods are not necessarily indicative of the results for the full year.

The preparation of consolidated 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.

#### Foreign Currency Translation

Prior to July 1, 2009, the Company’s functional and reporting currency was the Australian dollar and its subsidiary, Golden Bull Resources Corporation’s functional currency was the Canadian dollar. However, as a result of the purchase of the controlling interest in Acadian Mining Corporation in Canada in July 2009, the Company’s fiscal 2010 revenue and expenses are primarily denominated in Canadian dollars (CDN\$). ASC Topic 830 “Foreign Currency Matters” states that the functional currency of an entity is the currency of the primary economic environment in which the entity operates. Accordingly the Company determined that from July 1, 2009 the functional and reporting currency of the Company is the Canadian dollar. Assets, liabilities and portions of equity were translated at the rate of exchange at July 1, 2009 and portions of equity were translated at historical exchange rates. Revenue and expenses were translated at actual rates. Translation gains and losses were included as part of accumulated other comprehensive loss.

Restatement of comparative numbers was made for the change in functional and reporting currency. The change was adopted prospectively beginning July 1, 2009 in accordance with ASC Topic 830.

#### Restatement of Financial Statements

The financial statements for the three and six months ended December 31, 2009 have been restated to revise the fair value amounts related to the assets and liabilities of Acadian Mining Corporation (Acadian).

During the fourth quarter of fiscal 2010, the Company completed the accounting for the acquisition of Acadian and as a result, adjustments were made to the preliminary fair value accounting at the date of acquisition. The preliminary fair value estimates and the final fair value amounts of the assets and liabilities of Acadian at acquisition date are disclosed in note 2.

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

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

	December 31, 2010 CDN\$000's	June 30, 2010 CDN\$000's
<b>ASSETS</b>		
Current Assets		
Cash	510	957
Receivables	84	78
Prepaid expenses and deposits	164	141
<b>Total Current Assets</b>	<b>758</b>	<b>1,176</b>
Non Current Assets		
Cash held for site remediation (notes 13 and 18)	925	925
Property, plant and equipment (notes 14 and 18)	5,940	6,757
Mineral rights (notes 12 and 18)	43,790	43,790
<b>Total Non Current Assets</b>	<b>50,655</b>	<b>51,472</b>
<b>Total Assets</b>	<b>51,413</b>	<b>52,648</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	1,788	2,090
Note payable (note 4)	900	-
Other current liability (note 16)	1,898	2,099
Advances from affiliates (note 4)	205	203
<b>Total Current Liabilities</b>	<b>4,791</b>	<b>4,392</b>
Non Current Liabilities		
Accrued site remediation (notes 15 and 18)	2,800	2,400
Note payable (note 4)	-	900
Advances from affiliates (note 4)	340	1,129
Deferred tax liability (note 17)	2,729	2,624
<b>Total Non Current Liabilities</b>	<b>5,869</b>	<b>7,053</b>
<b>Total Liabilities</b>	<b>10,660</b>	<b>11,445</b>
Commitments (Note 8)		
Stockholders' Equity:		

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

Common Stock: \$.0001 par value		
400,000,000 shares authorized		
56,807,844 and 22,931,764 issued and outstanding	5	2
Additional paid-in-capital	53,416	48,810
Less treasury stock at cost, 250 shares	(19 )	(19 )
Accumulated other comprehensive loss	(372 )	(372 )
Retained profit (deficit) during exploration stage	(2,376 )	376
Retained (deficit) prior to exploration stage	(24,748 )	(24,748 )
Golden River Resources Stockholders' Equity	25,906	24,049
Non Controlling Interests (note 11)	14,847	17,154
Total Equity	40,753	41,203
Total Liabilities and Equity	51,413	52,648

The accompanying notes are an integral part of the consolidated financial statements.

## GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES

(An Exploration Stage Company)

## Consolidated Statements of Operations

Three and Six Months Ended December 31, 2010 and 2009 and for the cumulative period

July 1, 2002 (inception of exploration activities) to December 31, 2010

(Unaudited)

	Three Months Ended December 31, 2010 CDN\$000's	Three Months Ended December 31, 2009 (As restated) CDN\$000's	Six Months Ended December 31, 2010 CDN\$000's	Six Months Ended December 31, 2009 (As restated) CDN\$000's	July 1, 2002 to December 31, 2010 CDN\$000's
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and expenses:					
Stock based compensation	-	6	-	39	2,760
Exploration expenditure	761	584	1,590	1,284	8,178
Depreciation and amortization	128	132	253	220	741
Interest expense (income), net	(107 )	40	(65 )	139	479
Legal, accounting and professional	165	187	401	306	2,137
Administrative expenses	424	376	995	585	6,249
Total costs and expenses	1,371	1,325	3,174	2,573	20,544
(Loss) from operations	(1,371 )	(1,325 )	(3,174 )	(2,573 )	(20,544 )
Foreign currency exchange gain (loss)	(21 )	10	(147 )	5	(264 )
Adjustment to fair value on stepped acquisition (note 2)	-	-	-	7,433	7,433
Gain on bargain purchase (note 2)	-	-	-	10,305	10,305
Profit on disposal of plant and equipment	48	-	48	-	48
Write off of plant and equipment	(170 )	-	(170 )	-	(170 )
Other Income:					
Profit from sale of equity investments	-	-	-	-	1,355
Interest (expense) income – net, related entity	-	-	-	-	5
– other	(34 )	1	1	1	12



Profit/(loss) before income tax and equity in profits/(losses) of unconsolidated entities	(1,548 )	(1,314 )	(3,442 )	15,171	(1,820 )
Provision for income taxes (note 17)	-	91	(105 )	(2,624 )	(2,729 )
Profit/(loss) before equity in profits/(losses) of unconsolidated entities	(1,548 )	(1,223 )	(3,547 )	12,547	(4,549 )
Equity in profits/(losses) of unconsolidated entities	-	(70 )	-	326	(26 )
Net profit/(loss)	(1,548 )	(1,293 )	(3,547 )	12,873	(4,575 )
Net loss attributable to non-controlling interests	347	418	795	971	2,199
Net profit/(loss) attributable to Golden River Resources Stockholders	(1,201 )	(875 )	(2,752 )	13,844	(2,376 )
Basic and diluted net profit/(loss) per common equivalent shares	\$ (0.05 )	\$ (0.05 )	\$ (0.11 )	\$ 0.87	\$ (0.41 )
Weighted average number of common equivalent shares	24,712	17,728	24,435	15,833	5,764

The accompanying notes are an integral part of the consolidated financial statements.

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 Consolidated Statements of Cash Flows  
 Six Months Ended December 31, 2010 and 2009 and for the cumulative period  
 July 1, 2002 (inception of exploration activities) to December 31, 2010  
 (Unaudited)

	Six months ended December 31, 2010 CDN\$000's	Six months ended December 31, 2009 (As restated) CDN\$000's	July 1, 2002 to Dec 31, 2010 CDN\$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit/(loss)	(3,547 )	12,873	(4,575 )
Adjustments to reconcile net profit (loss) to net cash provided by(used) in operating activities			
Foreign currency exchange (gain)/ loss	147	(5 )	264
Depreciation /amortization of plant and equipment	253	220	741
Stock based compensation	-	39	2,760
Provision for deferred income tax	105	2,624	2,729
Equity in profits/(losses) of non-consolidated entities	-	(326 )	26
Adjustment to fair value on stepped acquisition	-	(7,433 )	(7,433 )
Bargain purchase of controlled entities	-	(10,305 )	(10,305 )
Profit from sale of equity investment	-	-	(1,355 )
Profit on disposal of plant and equipment	(48 )	-	(48 )
Write off of exploration costs	377	-	377
Write off of plant and equipment	170	-	170
Accrued interest added to principal	-	139	320
Net change net of acquisition in:			
Receivables	(6 )	(2 )	(83 )
Staking deposit	-	-	22
Prepaid expenses and deposits	(23 )	(97 )	(164 )
Accounts payable and accrued expenses	998	4,009	1,602
Accrued site remediation	400	-	400
<b>Net Cash Provided by(Used) in Operating Activities</b>	<b>(1,174 )</b>	<b>1,736</b>	<b>(14,552 )</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds of sale of equity investment	-	-	1,963
Investment in consolidated entity	(1,477 )	(7,585 )	(10,062 )
Proceeds of disposal of plant and equipment	76	-	76
Purchase of plant and equipment	(19 )	-	(199 )

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

Net Cash (Used) in Investing Activities	(1,420 )	(7,585 )	(8,222 )
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>			
Borrowings from affiliates	672	4,578	7,015
Repayments to affiliates	(1,622 )	(3,166 )	(4,788 )
Proceeds from issuance of stock	3,097	5,568	13,862
Repayment of borrowings	-	(139 )	(139 )
Sale of warrants (net)	-	-	4,749
Re-purchase of warrants	-	(579 )	(579 )
Proceeds from loan payable	-	-	3,261
Net Cash Provided by Financing Activities	2,147	6,262	23,381
Effects of Exchange Rate on Cash	-	-	(97 )
Net (Decrease)/Increase in Cash	(447 )	413	510
Cash at Beginning of Period	957	19	-
Cash at End of Period	510	432	510
<b>Supplemental Disclosures</b>			
Interest Paid	42	139	521
<b>NON CASH FINANCING ACTIVITY</b>			
Debt repaid through issuance of shares	-	-	5,771
Stock options recorded as deferred compensation	-	-	1,258
Extinguishment of related party debt	-	-	593
Stock issued for acquisition of properties	-	-	627

The accompanying notes are an integral part of the consolidated financial statements.

GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)  
 December 31, 2010  
 and for the cumulative period July 1, 2002  
 (inception of exploration activities) to December 31, 2010  
 (Unaudited)

	Common Shares	Treasury Stock	Retained Profit/(Deficit) during the Exploration stage	Retained Deficit prior to Exploration stage	Accumulated Other Compre- hensive Loss	Controlling Interests	Total
	Amount	Cost	Paid-in Capital	Exploration stage	Deferred Compensation	Loss	Total
	CDN\$000's	CDN\$000's	CDN\$000's	CDN\$000's	CDN\$000's	CDN\$000's	CDN\$000's
Balance June 30, 2002	635	\$ (19 )	\$ 24,061	-	\$ (24,748 )	\$ (461 )	\$ (1,167 )
Net loss	-	-	-	\$ (639 )	-	-	(639 )
Balance June 30, 2003	635	\$ (19 )	\$ 24,061	\$ (639 )	\$ (24,748 )	\$ (461 )	\$ (1,806 )
Issuance of 175,398 shares and warrants in lieu of debt repayment	175	-	\$ 2,331	-	-	-	\$ 2,331
Sale of 167,000 shares and warrants	167	-	\$ 2,221	-	-	-	\$ 2,221
Issuance of 694,306 shares on cashless exercise of options	694	-	-	-	-	-	\$ 0