Golden River Resources Pty Ltd

ABN 83 643 877 767

Financial Report for the period:

28 August 2020 to 31 October 2020

Golden River Resources Pty Ltd
Contents
For the period ending 31 October 2020

General information

The financial statements cover Golden River Resources Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Golden River Resources Pty Ltd's functional and presentation currency.

Golden River Resources Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Unit 1
22 Railway Road
Subiaco WA 6008

Principal place of business

Unit 1
22 Railway Road
Subiaco WA 6008

The financial statements were authorised for issue, in accordance with a resolution of directors, on 04 December 2020. The directors have the power to amend and reissue the financial statements.

Golden River Resources Pty Ltd
Statement of profit or loss and other comprehensive income
For the period ending 31 October 2020

	Note	28 August 2020 – 31 October 2020 $
Revenue		-
Expenses		
Other expenses		(1,485)
Loss before income tax expense		(1,485)
Income tax expense		-
Loss after income tax expense for the period attributable to the owners of Golden River Resources Pty Ltd		(1,485)
Other comprehensive income for the period, net of tax		-
Total comprehensive Loss for the Period attributable to the owners of Golden River Resources Pty Ltd		(1,485)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Golden River Resources Pty Ltd
Statement of financial position
As at 31 October 2020

	Note	2020 $
Assets		
Current assets		
Cash equivalents	3	867
Financial assets at fair value through profit or loss	4	6,500,000
Other receivables	4	7,000,148
Total current assets		13,501,015
Non-current assets		
Total non-current assets		-
Total assets		13,501,015
Liabilities		
Current liabilities		
Convertible notes	5	13,500,000
Total current liabilities		13,500,000
Net assets		1,015
Equity		
Issued capital	6	2,500
Accumulated losses		(1,485)
Total equity		1,015

The above statement of financial position should be read in conjunction with the accompanying notes

Golden River Resources Pty Ltd
Statement of changes in equity
For the period ending 31 October 2020

	Issued capital $	Accumulated losses $	Total equity $
Balance at 28 August 2020	-	-	-
Loss after income tax expense for the period	-	(1,485)	(1,485)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(1,485)	(1,485)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs	2,500	-	2,500
Dividends paid	-	-	-
Balance at 30 October 2020	2,500	(1,485)	1,015

The above statement of changes in equity should be read in conjunction with the accompanying notes

Golden River Resources Pty Ltd
Statement of cash flows
For the period ending 31 October 2020

	Note	28 August 2020 – 31 October 2020 $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		(1,633)
Net cash used in operating activities	12	(1,633)
Cash flows from investing activities		
Payment to acquire financial assets	4	(6,500,000)
Restricted cash held in trust	4	(7,000,000)
Net cash used in investing activities		(13,500,000)
Cash flows from financing activities		
Proceeds from issue of shares	6	2,500
Proceeds from issue of convertible notes	5	13,500,000
Net cash provided by financing activities		13,502,500
Net increase in cash and cash equivalents		867
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	3	867

The above statement of cash flows should be read in conjunction with the accompanying notes

Golden River Resources Pty Ltd
Notes to the financial statements
For the period ending 31 October 2020

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The Company was incorporated on 28 August 2020 and hence the reporting period is from incorporation to 31 October 2020. As this is the Company's first financial report, no comparatives have been included.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going concern
The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company had net current assets of $1,015 at 31 October 2020 and incurred a loss for the period of $1,485. The net cash outflow from operating activities of $1,633. At 30 June 2020, the Group had cash and cash equivalents of $867 and current liabilities due of $13,500,000 representing the convertible notes on issue.

On 1 October 2020 the Company entered a binding conditional option agreement with Kaiser Reef Limited ('Kaiser'), pursuant to which Kaiser have been granted an exclusive right to acquire 100% of the issued capital of the Company ('Kaiser transaction'). In turn, subject to the effectuation of the Deed of Company Arrangement ('DoCA'), the Company will hold 100% of the issued capital of Centennial Mining Limited (subject to DoCA) ('Centennial'). Centennial are the owner of the A1 Gold Mine located in Victoria. The Kaiser transaction is conditional upon Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX. The key terms of the Kaiser transaction is that Kaiser will issue 53,333,353 shares at a deemed issue price of $0.30 per share for a total deemed consideration of $16,000,000, which will be issued pro rata to all of the shareholders of the Company based on their respective interest.

Conditions precedent to the transaction are as follows:

- Kaiser obtaining all necessary regulatory and shareholder approval required, including satisfying all ASX requirements for the reinstatement to the official listing of KAU shares on the ASX;
- Effectuation of the Centennial DoCA such that the Company has acquired 100% of the issued capital of Centennial; and
- Kaiser receiving valid binding and irrevocable applications for not less than $5,000,000 pursuant to a capital raising for the issue of 16,666,667 fully paid ordinary shares at an issue price of $0.30 per share.

During the year, the Company entered into an agreement with Centennial to purchase all the debt owed by Centennial to VC Oldfield Investments Pty Ltd, to enable the company to be 100% owner of the shares in Centennial (subject to effectuation of the DoCA).

Note 1. Significant accounting policies (continued)

Going concern (continued)
In September 2020, the Company on the back of the above agreement entered into a convertible note subscription agreement with a number of parties under which the Company issued convertible notes to these investors for a total subscription amount of $13,500,000 received by the Company. The notes will convert into equity of the Company upon completion of the Kaiser transaction discussed above and pursuant to the terms disclosed in note 5. Should the transaction not successfully complete, the Notes will be redeemable in cash at the end of the 12-month term. Upon successful completion of the Kaiser transaction, the noteholders will receive 45,000,019 shares in Kaiser as conversion of convertible notes from debt to equity.

Hence, the Company's ability to continue as a going concern is dependent upon:
- Successful completion of the DoCA effectuation with Centennial and acquisition of Centennial by the Company; and
- Successful completion of the Kaiser transaction which includes the requirement to raise $5,000,000 in capital and obtain both shareholder and regulatory approvals being as per above.

These conditions indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reason:
- The Director believes the transactions disclosed above will be successfully completed. The Kaiser transaction is currently in the advanced stage of completion of the prospectus. All necessary court and ASIC approvals have been obtained for the effectuation of the Centennial DoCA.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Investments and other financial assets
Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 1. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Convertible notes

Convertible notes were issued by the Company during the period, which include the option to convert the security into a fixed number of shares in the Company. The automatic conversion is contingent upon certain events occurring. Due to the contingent event being outside the control of the company, the entire instrument is recognised as a financial liability, On initial recognition, the conversion feature which is an embedded derivative together with the host debt are accounted for as financial liability at fair value through profit or loss and this equates to proceeds received. Subsequently the notes are measured at fair value with movements in its carrying amount are recognised in the statement of profit or loss as finance costs, except to the extent the movement is attributable to changes in the company's own credit status, in which case the movement is recognised in other comprehensive income.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 October 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Financial assets held at fair value through profit or loss
As disclosed in Note 1, during the period the Company was assigned the loan to Centennial of $6,500,000, which accrues interest at 15% per annum. The loan is recoverable on the basis of the effectuation of the DoCA with Centennial and the completion of the Kaiser transaction. Given the conditions precedent to the Kaiser transaction, as disclosed in Note 1, judgement has been applied in determining the fair value of the loan at reporting date. Should the Kaiser transaction not be successful, then the outcome of the fair value assessment of the loan may be different.

Convertible notes
The company issued short-term convertible notes during the year, which are accounted for at fair value through profit or loss. The notes automatically convert to shares in the Company upon the acquisition of all of the equity securities of the Company by Kaiser Reef Limited as disclosed in Note 1. Because the occurrence of the acquisition event is outside the control of the Company, the entire note fails equity classification and is recognized as a financial liability at fair value through profit or loss. The fair value of the convertible note is dependent upon the successful completion of the Kaiser Reef Ltd / Golden River Resources Pty Ltd / Centennial Mining Ltd acquisitions transactions as disclosed in Note 1. Upon completion of this transaction the Noteholders will receive 45,000,019 shares in Kaiser Reef Ltd and based on $0.30 per share this gives rise to a value of $13,500,000, which is deemed to be the fair value. Should the acquisition event not occur, the fair value of the loan will be its redemption value, which is also $13,500,000. The fair value classification of convertible notes is Level 3.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 3. Current assets - cash and cash equivalents

	2020 $
Cash on hand	-
Cash at bank	867
	867

Note 4. Current assets – other receivables

	2020 $
4(1) Financial assets at fair value through profit or loss	
Loan – Centennial Mining Ltd[1]	6,500,000
	6,500,000
4(2) Other	
GST on purchases	148
Cash held in trust[2]	7,000,000
	7,000,148

[1]During the year, the Company entered into an agreement with Centennial to purchase all the debt owed by Centennial to VC Oldfield Investments Pty Ltd, to enable the company to be 100% owner of the shares in Centennial (subject to effectuation of the DoCA). The loan accrues interest at 15% per annum and does not have a fixed repayment date.

[2]Cash held in trust is for the purpose of settlement of Centennial creditors and lenders on effectuation of the Centennial DoCA. Should the effectuation of the DoCA not be successful, these funds will be paid back to the Noteholders as per Note 5 below.

Note 5. Current liabilities – convertible notes

Convertible notes	13,500,000
	13,500,000

The company entered into an agreement with Centennial Mining Ltd (ACN 149 930 921) to purchase all the debt owed by Centennial Mining Ltd to VC Oldfield Investments Pty Ltd (ACN 149 465 805), to enable the company to be 100% owner of the shares in Centennial Mining Ltd.

In September 2020, the Company on the back of the above agreement entered into a convertible note subscription agreement with a number of parties under which the Company issued convertible notes to these investors for a total subscription amount of $13,500,000 received by the Company. Each convertible note is a redeemable, convertible, unsecured promissory note of the Company, which entitles the noteholder to convert all of the notes into shares of the Company based on the following terms:

- Face value of $1.00 per convertible note;
- Maturing 12 months from the date the Company received the aggregate investment amount of $13.5 million;
- The convertible note does not accrue interest;
- Conversion occurs automatically (subject to the Noteholder agreeing to sell) upon the acquisition of all of the equity securities of the Company by an entity that has its securities publically available for trade on the ASX or another recognised securities exchange, at a conversion price of $1 per note; and
- In the event that the notes mature without the automatic conversion occurring, the Company must repay the Noteholders at $1 per note. The Company may also elect to redeem the notes by way of cash in full at any time prior to the maturity date.

Note 6. Equity - issued capital

	2020 Shares	2020 $
Ordinary shares - fully paid	2,500,000	2,500

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	28 August 2020	-	-	-
Issue of shares	28 August 2020	2,500,000	$0.0001	2,500
Balance	31 October 2020	2,500,000		2,500

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 7. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The company is not exposed to any significant foreign exchange risk.

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company's interest risk relates to any potential future borrowings and the Convertible Notes on issue.

There are no plans for future borrowings. The Convertible Notes do not have an interest earnings component.

Note 46. Remuneration of auditors (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Convertible note facilities, as disclosed in Note 5, are fully drawn and repayable within 12 months, should the automatic conversion not occur.

Note 8. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2020	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Loan receivable at FVTPL	-	-	6,500,000	6,500,000
Total assets	-	-	6,500,000	6,500,000
Loan receivable at FVTPL	-	-	13,500,000	13,500,000
Total liabilities	-	-	13,500,000	13,500,000

There were no transfers between levels during the financial year.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	**Loan receivable $**	**Convertible notes $**
Balance at incorporation	-	-
Additions – assets / (liabilities)	6,500,000	(13,500,000)
Balance at 31 October 2020	6,500,000	(13,500,000)

Note 9. Contingent liabilities

The Company did not have any contingent assets or liabilities as at 31 October 2020.

Note 10. Commitments

The Company did not have any commitments as at 31 October 2020.

Note 11. Related party transactions

Transactions with related parties
None.

Loans to/from related parties
None.

Note 12. Reconciliation of loss after income tax to net cash from operating activities

	2020 $
Loss after income tax expense for the period	(1,485)
Adjustments for:	
GST Payable	(148)
Net cash outflow from operating activities	(1,633)

Note 13. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 31 October 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 October 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Golden River Resources Pty Ltd
Directors' declaration
For the period ending 31 October 2020

In the directors' opinion:

- the attached financial statements and notes comply with Accounting Standards;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 October 2020 and of its performance for the period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

Terry Gardiner
Director

04 December 2020
Subiaco

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Golden River Resources Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Golden River Resources Pty Ltd (the Entity), which comprises the statement of financial position as at 31 October 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 October 2020, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

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Director

Perth, 4 December 2020