GOLDEN RIVER RESOURCES CORPORATION AND SUBSIDIARIES
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2006

(1) Organisation

Golden River Resources Corporation ("Golden River Resources"), formerly Bay Resources Ltd, is incorporated in the State of Delaware. The principal shareholder of Golden River Resources are companies associated with Mr JI Gutnick and Mrs S Gutnick. These companies owned __% of Golden River Resources as of September 30, 2006. During fiscal 1998, Golden River Resources incorporated a further subsidiary, Baynex.com Pty Ltd (formerly Bayou Australia Pty Ltd), under the laws of Australia. Baynex.com Pty Ltd has not traded since incorporation. On August 21, 2000, Golden River Resources incorporated a new wholly owned subsidiary, Bay Resources (Asia) Pty Ltd (formerly Bayou International Pty Ltd), a corporation incorporated under the laws of Australia. In June 2002, the Company incorporated a new wholly owned subsidiary, Golden Bull Resources Corporation (formerly 4075251 Canada Inc), a corporation incorporated under the laws of Canada. Golden Bull Resources Corporation is undertaking exploration activities for gold in Canada. On March 8, 2006, shareholders approved the change of the Company's name to Golden River Resources.

(2) Short-Term Advance Affiliate

During the three months ending September 30, 2006 the Company repaid A$1,329 owing to Joseph Gutnick, President of Golden River Resources.

(3) Affiliate Transactions

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

Included in receivables at September 30, 2006 was A$176,062 due by AXIS, an affiliated management company. At September 30, 2005 the Company owed AXIS A$405,705. During the three months ending September 30, 2006 and 2005 AXIS advanced Golden River Resources A$125,936 and A$103,885, respectively including services in accordance with the service agreement of A$95,936 and A$88,885 respectively and advanced/reimbursed AXIS A$319,000 and A$2,850 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 ending September 30, 2005 AXIS charged interest of A$7,906 at an interest rate of 9.35%. During the three months ending September 30, 2006 the Company charged AXIS interest of A$3,463 at an interest rate between 9.35% to 9.80%.These entities are affiliated through common management and ownership.

Wilzed Pty Ltd, a company associated with the President of the Company, Joseph Gutnick, provided loan funds to enable the Company to meet its liabilities and has paid certain expenses on behalf of the Company. During the three months ending September 30, 2005, Wilzed loaned the Company A$77,433 and charged interest of A$16,834. The interest rate charged by Wilzed for the three months was 9.35%. At September 30, 2005, the Company owed Wilzed A$769,742. At September 30, 2006, there were no amount owing to Wilzed as they had been repaid in full during the three months ended June 30, 2006.

Interest expense incurred on loans and advances due to affiliated entities approximated A$25,950 in the three months ended September 30, 2005 and $nil in the three months ended September 30, 2006.

(4) Going Concern

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of Golden River Resources as a going concern. Golden River Resources is in the exploration stage, has sustained recurring losses and has a net working capital deficiency which raises substantial doubts as to its ability to continue as a going concern. However, Golden River Resources anticipates that it will be able to defer repayment of obligations until it has sufficient liquidity to enable these loans to be repaid or other arrangements to be put in place.