



Financial Statements  
For the Half Year Ended 31 December 2017

**Riversgold Ltd**  
**ABN 64 617 614 598**

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**Riversgold Ltd**  
**ABN 64 617 614 598**

**Directors' Report**

The Directors present the financial statements of Riversgold Ltd (the Company) and the entities it controlled (the Group) for the half year ended 31 December 2017. As the Company was incorporated on 24 February 2017, the comparative period is from 24 February 2017 to 30 June 2017.

**Directors**

The following persons were directors of Riversgold Ltd during the whole of the half year and up to the date of this report, unless otherwise stated:

Roderick Webster	(Non-Executive Chairman)
Allan Kelly	(Managing Director)
Jeffrey Foster	(Non-Executive Director)

**Company Secretary**

Kevin Hart

**Review of Operations**

Riversgold Ltd commenced trading on the Australian Securities Exchange (ASX) on 10 October 2017 following the successful completion of an Initial Public Offering (IPO).

The consolidated loss after income tax for the half year was \$7,238,671 (\$66,931 for period from 24 February 2017 to 30 June 2017) which included the expensing of \$6,397,398 in acquisition costs.

At the end of the half year the Group had \$4,498,991 (30 June 2017: \$237,350) in cash and at call deposits. During the reporting period \$290,000 was received from seed investors and proceeds of \$6,125,485 (before costs) was received from investors in the Initial Public Offer. Capitalised mineral exploration and evaluation expenditure at 31 December 2017 was \$3,453,087 (30 June 2017: \$nil) which included \$2,982,299 of capitalised acquisition costs.

Exploration

Soon after the ASX Listing, work was completed on the maiden aircore drilling campaign at the Yilgani Project in the Eastern Goldfields region of Western Australia. This campaign outlined three large areas of regolith gold anomalism and approval was received for a follow-up drilling campaign which will focus on the three anomalous areas.

Work was also undertaken during the period on a number of other projects, including planning for the field season in Alaska mid-year.

**Riversgold Ltd**  
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**Directors' Report**

**Significant Changes in the State of Affairs**

During the reporting period the Company completed a number of acquisitions as outlined below:

- On 3 July 2017, the Company issued 10,000,000 Shares and 5,000,000 Vendor Options thereby completing the acquisition of Afranex Gold Limited (Afranex) and its wholly owned subsidiaries: Afranex (Alaska) Limited, North Fork Resources Pty Ltd, North Fork Resources LLC and Black Peak LLC. Afranex, through its wholly owned subsidiaries, owned the Luna, Quicksilver and Kisa mineral claims located in Alaska, USA.
- In October 2017, the Company issued 3,000,000 Shares and 2,000,000 Vendor Options to Serendipity Resources Pty Ltd to acquire an 80% interest in the Kurnalpi exploration assets in Western Australia.
- In October 2017, the Company issued 500,000 Shares to Debna Pty Ltd, an entity associated with Mr Allan Kelly, to acquire a 100% interest in the Churchill Dam exploration assets in South Australia.
- In October 2017, the Company issued 23,500,000 Shares and 11,750,000 Vendor Options to acquire the share capital of Cambodia Gold Pty Ltd which has applications for mineral exploration licences in the Mondulkiri Province of Cambodia.

On 6 October 2017, the Company was admitted to the Official List of the Australian Securities Exchange following the successful completion of its initial public offer, pursuant to a prospectus lodged with the Australian Securities and Investments Commission on 11 August 2017, which raised approximately \$6.12 million before costs associated with the offer.

Other than the matters above, there were no significant changes in the state of affairs of the Company during the period.

**Matters Subsequent to the End of the Financial Period**

In February 2018 the Company entered into an agreement to purchase the Cutler gold prospect which is adjacent to the existing Farr-Jones target located in the Eastern Goldfields of Western Australia. To acquire the 100% interest in the exploration licence, the Company will pay \$40,700 cash and issue 450,000 fully paid ordinary shares and 450,000 unlisted options with an exercise price of \$0.20 and an expiry date 24 months after the issue, to private company Westex Resources Pty Ltd.

In February 2018 the Company entered into a Farm-in Agreement with Alloy Resources Limited (Alloy) whereby the Company can earn up to an 85% interest in two granted Exploration Licences adjacent to its Queen Lapage and Acra South targets. The Company must pay \$30,000 in cash and meet the minimum statutory expenditure requirements of \$114,000 per annum for 3 years in order to earn an initial 70%.

Other than noted above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**Riversgold Ltd**  
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**Directors' Report**

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 15<sup>th</sup> day of March 2018.

A handwritten signature in black ink, appearing to read 'AK', is positioned above the name of the Managing Director.

**Allan Kelly**  
**Managing Director**

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Riversgold Ltd for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
15 March 2018

  
D I Buckley  
Partner

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

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**Riversgold Ltd**  
**ABN 64 617 614 598**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half year ended 31 December 2017**

	Note	Consolidated	
		6 months to 31 December 2017 \$	24 February to 30 June 2017 \$
<b>Income</b>			
Interest income		27,279	-
<b>Expenses</b>			
Employee expenses	3	(121,265)	(32,875)
Corporate expenses		(36,404)	(1,377)
Administration and other expenses		(192,297)	(32,079)
Cambodia Gold Pty Ltd acquisition costs expensed	3	(6,397,398)	-
Financing costs		(12,820)	
Depreciation expense		(2,530)	-
Exploration costs expensed		-	(600)
<b>Loss before income tax</b>	3	<b>(6,735,435)</b>	<b>(66,931)</b>
Income tax expense	15(a)	(503,236)	-
<b>Loss after tax</b>		<b>(7,238,671)</b>	<b>(66,931)</b>
<b>Other comprehensive income, net of income tax</b>			
		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(61,447)	-
<b>Total comprehensive loss for the period</b>		<b>(7,300,118)</b>	<b>(66,931)</b>
Earnings per share for loss attributable to the ordinary equity holders of the Company			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(13.3)	(2.1)
Diluted loss per share		(13.3)	(2.1)

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

**Riversgold Ltd**  
**ABN 64 617 614 598**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2017**

	Note	Consolidated	
		31 December 2017 \$	30 June 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	13	4,498,991	237,350
Trade and other receivables	4	56,462	1,413
Other current assets	5	7,281	158,610
<b>Total current assets</b>		<b>4,562,734</b>	<b>397,373</b>
<b>Non-current assets</b>			
Property, plant and equipment		40,682	-
Capitalised exploration and acquisition costs	6	3,453,087	-
Loans receivable	7	-	277,352
<b>Total non-current assets</b>		<b>3,493,769</b>	<b>277,352</b>
<b>Total assets</b>		<b>8,056,503</b>	<b>674,725</b>
<b>Current liabilities</b>			
Trade and other payables	8	140,253	234,771
<b>Total current liabilities</b>		<b>140,253</b>	<b>234,771</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	15(a)	503,236	-
<b>Total non-current liabilities</b>		<b>503,236</b>	<b>-</b>
<b>Total liabilities</b>		<b>643,489</b>	<b>234,771</b>
<b>Net assets</b>		<b>7,413,014</b>	<b>439,954</b>
<b>Equity</b>			
Issued capital	9	12,780,121	506,885
Accumulated losses	11	(7,305,602)	(66,931)
Reserves	12	1,938,495	-
<b>Total equity</b>		<b>7,413,014</b>	<b>439,954</b>

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

**Riversgold Ltd**  
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**Condensed Consolidated Statement of Changes in Equity**  
**For the half year ended 31 December 2017**

	Consolidated				
	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Foreign currency translation reserve \$	Total \$
At 24 February 2017	-	-	-	-	-
Comprehensive loss for the period	-	(66,931)	-	-	(66,931)
Transactions with equity holders in their capacity as equity holders:					
Shares issued	506,885	-	-	-	506,885
Balance at 30 June 2017	506,885	(66,931)	-	-	439,954
<b>At 1 July 2017</b>	<b>506,885</b>	<b>(66,931)</b>	<b>-</b>	<b>-</b>	<b>439,954</b>
Loss for the period	-	(7,238,671)	-	-	(7,238,671)
Exchange rate fluctuations	-	-	-	(61,447)	(61,447)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(7,238,671)</b>	<b>-</b>	<b>(61,447)</b>	<b>(7,300,118)</b>
Transactions with equity holders in their capacity as equity holders:					
Securities issued	13,025,485	-	1,978,481	-	15,003,966
Share issue costs	(752,249)	-	-	-	(752,249)
Share based payments:					
Employees/directors	-	-	21,461	-	21,461
<b>Balance at 31 December 2017</b>	<b>12,780,121</b>	<b>(7,305,602)</b>	<b>1,999,942</b>	<b>(61,447)</b>	<b>7,413,014</b>

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

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**Condensed Consolidated Statement of Cash Flows**  
**For the half year ended 31 December 2017**

	Note	Consolidated	
		6 months to 31 December 2017 \$	24 February to 30 June 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(357,870)	(56,880)
Interest received		1,867	-
Interest paid		(12,820)	-
<b>Net cash used in operating activities</b>		<b>(368,823)</b>	<b>(56,880)</b>
<b>Cash flows from investing activities</b>			
Loans to related entities		-	(277,352)
Post IPO reimbursement of expenses		(226,666)	-
Payments for exploration and evaluation		(680,802)	(600)
Payment for property, plant and equipment		(43,212)	-
Cash received on acquisition of subsidiary		12,567	-
<b>Net cash used in investing activities</b>		<b>(938,113)</b>	<b>(277,952)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		6,415,485	500,010
Proceeds received for shares not yet issued		-	210,000
Payments for share issue costs		(618,410)	(137,828)
Repayment of borrowings		(229,504)	-
<b>Net cash from financing activities</b>		<b>5,567,571</b>	<b>572,182</b>
<b>Net increase in cash held</b>		<b>4,260,635</b>	<b>237,350</b>
<b>Cash at the beginning of the financial period</b>		<b>237,350</b>	<b>-</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>1,006</b>	<b>-</b>
<b>Cash at the end of the financial period</b>	13	<b>4,498,991</b>	<b>237,350</b>

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

**Riversgold Ltd**  
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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 1 Basis of preparation of half year report**

**Statement of compliance**

The condensed interim consolidated financial statements (the interim financial statements) for Riversgold Ltd and its subsidiaries (collectively, the Group) are general purpose interim financial statements, and have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 134: Interim Financial Reporting.

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Riversgold Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**Basis of preparation**

The interim financial statements have been prepared on the historical cost basis. Cost is based on the fair values of consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars.

**Comparatives**

The comparative figures in the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows and related notes are for the period from the date of incorporation 24 February 2017 to 30 June 2017.

**Accounting policies and methods of computation**

The same accounting policies, accounting judgements, key estimates and methods of computation have been followed in these interim financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the interim financial statement, the half-year has been treated as a discrete reporting period.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**Going concern**

The interim financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

**Significant accounting judgements and key estimates**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as shown below, the same judgments, estimates and assumptions were used in preparing the interim financial statements as those used in preparing the financial report for the year ended 30 June 2017.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 1 Basis of preparation of half year report (continued)**

**Significant accounting judgements and key estimates (continued)**

Accounting for capitalised exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Accounting for acquisitions

In the half-year ended 31 December 2017, the Company made a number of acquisitions which included share based consideration. The fair value of the net assets acquired and of amounts recognised in respect of share based payments required judgement and estimation based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See Note 15 for details of inputs into option pricing models in respect of options issued during the reporting period.

Share Based Payments

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The interim financial statements were approved by the Board of Directors on 15<sup>th</sup> March 2018.

**Note 2 Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The Group's activities encompass mineral exploration and resource development in various international jurisdictions and as such management currently identifies the Groups geographic positions as its operating segments.

The following tables present revenue and profit information and certain asset and liability information regarding operating segments for the half year ended 31 December. At 30 June 2017 the Company only had one operating segment of mineral exploration in Australia.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 2 Segment information (continued)**

**31 December 2017**

	Australia \$	Alaska \$	Cambodia \$	Consolidated \$
Segment revenue	27,279	-	-	27,279
Segment loss before income tax expense	306,930	18,018	6,410,487	6,735,435
Segment assets	6,016,321	2,040,172	10	8,056,503
Segment liabilities	126,182	504,217	13,090	643,489

	Consolidated	
	6 months to 31 December 2017 \$	24 February to 30 June 2017 \$

**Note 3 Revenue and expenses**

*Loss before income tax includes the following specific income and expenses:*

**Income**

Interest income	<u>27,279</u>	-
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**Employee Expenses**

Salaries and wages	159,188	-
Directors Fees	16,077	26,000
Superannuation	12,463	-
Equity based remuneration	21,461	6,875
Other employee costs	834	-
Less: amount allocated to exploration	<u>(88,758)</u>	

Net employee expenses	<u>121,265</u>	32,875
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**Other Expenses include the following specific expenses:**

Insurance	26,358	-
Travel and accommodation	34,199	-
Occupancy expenses	19,976	-
Marketing expenses	20,513	-
	<u>101,046</u>	-

**Cambodia Gold acquisition costs expensed**

On acquisition of Cambodia Gold Pty Ltd, the Company acquired applications for mineral exploration licences in the Mondulakiri Province of Cambodia which were valued at \$6,179,732. Accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources* states that exploration expenditure can only be capitalised where the rights to tenure of the area of interest are current. As the exploration licences for the Cambodian tenements are applications and have not yet been granted, the \$6,179,732 has been expensed in accordance with the requirements of accounting standard AASB 6.

In addition, there were further costs of \$217,666 in relation to the acquisition that were incurred post the Initial Public Offer.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$

**Note 4 Current assets – Trade and other receivables**

GST receivable	29,740	1,413
Other receivables	1,311	-
Accrued income	25,411	-
	56,462	1,413

**Note 5 Current assets – Other current assets**

Prepaid IPO expenses	-	158,610
Other prepayments	7,281	-
	7,281	158,610

**Note 6 Capitalised exploration and acquisition costs**

Balance at the beginning of the period	-	-
Capitalisation of acquisition costs for Kurnalpi project <sup>1</sup>	1,025,479	-
Capitalisation of acquisition costs for Churchill Dam project <sup>2</sup>	100,000	-
Capitalisation of acquisition costs for Afranex Gold Pty Ltd <sup>3</sup>	1,902,129	-
Exploration expenditure incurred	425,479	-
Balance at the end of the period	3,453,087	-

<sup>1</sup> Capitalised acquisition costs and fair value of exploration assets recognised on the acquisition of the Kurnalpi project from Serendipity Resources Pty Ltd. Refer to Note 15(c).

<sup>2</sup> Fair value of exploration assets recognised on the acquisition of the Churchill Dam project from Debnal Pty Ltd. Refer to Note 15(d).

<sup>3</sup> Fair value of exploration assets initially recognised on the acquisition of Afranex Gold Pty Ltd. Refer Note 15(a).

The fair value of exploration assets acquired from Cambodia Gold Pty Ltd were expensed during the reporting period. Refer to Notes 3 and 15(b).

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

	<b>Consolidated</b>	
	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>

**Note 7 Non-current assets – Loans receivable**

Loan to Afranex Gold Limited <sup>1</sup>	-	277,352
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Amounts incurred by the Company on behalf of Afranex Gold Limited in respect of payment of acquisition option fees and exploration field programs. On acquisition and consolidation of Afranex, this inter-company loan is eliminated.

**Note 8 Current liabilities – Trade and other payables**

Trade payables and accruals	<b>49,666</b>	24,771
Accrued expenses	<b>64,968</b>	-
Employment related payables	<b>25,619</b>	-
Unissued share funds	-	210,000
	<b>140,253</b>	<b>234,771</b>

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 9 Issued capital**

*a) Ordinary shares*

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

	Issue price	Six months to 31 December 2017		24 February 2017 to 30 June 2017	
		Number	\$	Number	\$

*b) Share capital*

Issued share capital	<b>82,764,935</b>	<b>12,780,121</b>	10,137,510	506,885
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*c) Share movements during the year*

Balance at the start of the period		<b>10,137,510</b>	<b>506,885</b>	10	10
Shares issued to directors as consideration for pre-IPO services	\$0.05	-	-	137,500	6,875
Shares issued to pre-IPO investors	\$0.05	-	-	10,000,000	500,000
Shares issued to pre-IPO investors	\$0.10	<b>5,000,000</b>	<b>500,000</b>	-	-
Shares issued to acquire Afranex Gold Ltd	\$0.10	<b>10,000,000</b>	<b>1,000,000</b>	-	-
Shares issued to acquire Cambodia Gold Pty Ltd	\$0.20	<b>23,500,000</b>	<b>4,700,000</b>	-	-
Shares issued to acquire the Kurnalpi Project	\$0.20	<b>3,000,000</b>	<b>600,000</b>	-	-
Shares issued to acquire the Churchill Dam Project	\$0.20	<b>500,000</b>	<b>100,000</b>	-	-
Shares issued under the Offer	\$0.20	<b>30,627,425</b>	<b>6,125,485</b>	-	-
Less share issue costs		-	<b>(752,249)</b>	-	-
Balance at the end of the financial year		<b>82,764,935</b>	<b>12,780,121</b>	10,137,510	506,885

**Riversgold Ltd**  
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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 10 Options and share based payments**

*a) Options and shares issued during the period*

During the financial period the Company issued 39,000,000 shares and 18,750,000 options over unissued shares to vendors for various acquisitions as shown in the tables below:

**Options:**

<i>Issue Date</i>	<i>Number</i>	<i>Exercise price</i>	<i>Expiry date</i>
3/7/2017	5,000,000 <sup>1</sup>	20 cents	10 October 2020
26/9/2017	13,750,000 <sup>2</sup>	20 cents	10 October 2020

<sup>1</sup> Options issued to vendors on the acquisition of Afranex Gold Limited.

<sup>2</sup> 11,750,000 options to the vendors of Cambodia Gold Limited and 2,000,000 options to the vendors of the Kurnalpi exploration assets.

**Shares:**

<i>Issue Date</i>	<i>Number</i>
3/7/2017	10,000,000 <sup>1</sup>
26/9/2017	29,000,000 <sup>2</sup>

<sup>1</sup> Shares issued to vendors on the acquisition of Afranex Gold Limited.

<sup>2</sup> 23,500,000 shares to the vendors of Cambodia Gold Limited, 5,000,000 options to the vendors of the Kurnalpi exploration assets and 500,000 to the vendor of the Churchill Dam exploration assets.

*b) Options exercised during the period*

During the financial period the Company issued no shares on the exercise of options.

*c) Options cancelled during the period*

During the financial period no options were cancelled on expiry of exercise period or termination of employment.

*d) Options on issue at the balance date*

The number of options outstanding over unissued ordinary shares at 31 December 2017 is 21,750,000. The terms of these options are as follows:

<i>Date Granted</i>	<i>Number</i>	<i>Exercise price</i>	<i>Escrowed Until</i>	<i>Expiry date</i>
15 May 2017	3,000,000	20 cents	10 October 2019	15 May 2022
3 Jul 2017	4,195,987	20 cents	21 July 2018	10 October 2020
3 Jul 2017	804,013	20 cents	10 October 2019	10 October 2020
26 Sep 2017	13,750,000	20 cents	26 September 2018	10 October 2020
<b>Total</b>	<b>21,750,000</b>			

*e) Subsequent to the balance date*

No options have been granted subsequent to the balance date and to the date of signing this report.

No options have been exercised subsequent to the balance date to the date of signing this report. Subsequent to the balance date no options have been cancelled on expiry of the exercise period.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 10 Options and share based payments (continued)**

*f) Basis and assumptions used in the valuation of options.*

The options issued during the current reporting period were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value of Options
3 July 2017	5,000,000	20 cents	10 October 2020	2.10%	100%	\$257,400
26 September 2017	13,750,000	20 cents	10 October 2020	2.10%	100%	\$1,721,081

	Consolidated	
	31 December 2017 \$	30 June 2017 \$

**Note 11 Accumulated losses**

Balance at the beginning of the period	(66,931)	-
Loss for the period	(7,238,671)	(66,931)
Balance at the end of the period	(7,305,602)	(66,931)

	Consolidated			
	31 December 2017		30 June 2017	
	Foreign exchange translation reserve \$	Share based payment reserve <sup>1</sup> \$	Foreign exchange translation reserve \$	Share based payment reserve \$

**Note 12 Reserves**

Balance at the beginning of the period	-	-	-	-
Movement in foreign translation reserve in respect of exchange rate	(61,447)	-	-	-
Movement in share based payment reserve in respect of options issued	-	1,999,942	-	-
Balance at the end of the period	(61,447)	1,999,942	-	-

<sup>1</sup>The share based payment reserve is used to recognise the fair value of options issued and vested but not exercised. See Note 10 and Note 15 for further information on options issued.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$

**Note 13 Cash and cash equivalents**

**a) Cash and cash equivalents**

Cash at bank and on hand	30,092	237,350
Deposits on call <sup>1</sup>	4,468,899	-
Total cash and cash equivalents	4,498,991	237,350

<sup>1</sup> Short term deposits are made for varying periods of between 3 and 6 months depending upon the immediate cash requirements of the Group and earn interest at the respective short term interest rates.

**b) Cash balances not available for use**

Included in cash and cash equivalents are amounts pledged as guarantees for the following:

Office rental bond	7,073	-
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**c) Material non-cash transactions**

During the 6 months to 31 December 2017 the Group issued the shares and options for the acquisition of Afranex Gold Limited, Cambodia Gold Pty Ltd, the Kurnalpi Project and the Churchill Dam Project. See Note 15 for further details of the non-cash consideration.

**Note 14 Dividends**

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2017.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 15 Acquisitions**

**a) Acquisition of Afranex Gold Limited**

On 3 July 2017 the Company acquired 100% of the issued capital of Afranex Gold Limited (Afranex), a company which, through its wholly owned subsidiaries, owns the mineral claims of Kisa, Quicksilver and Luna which comprise the Alaskan Project.

*Consideration*

The Company issued 10,000,000 Shares and 5,000,000 options as equity based consideration for the share capital of Afranex. The shares were valued at \$0.10 per share (this being the value per share for seed raising in July) and the options were valued in accordance with the Black-Scholes option pricing methodology.

Fair Value of Consideration		Fair Value (\$)
Shares	10,000,000 shares at \$0.10 per share	1,000,000
Options	5,000,000 options with exercise price of \$0.20 and an expiry date of 10 October 2020 <sup>1</sup>	257,400
<b>Total consideration</b>		<b>1,257,400</b>

- Inputs to the Black-Scholes pricing model are: share price of \$0.10, exercise price of \$0.20; expected volatility of 100%; implied option life of 3 years; risk free rate of 2.10% and a nil expected dividend yield.

Costs incurred in relation to the acquisition of Afranex Gold Limited have been included in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. Directly attributable costs of raising equity have been included as a deduction from equity.

*Assets acquired and liabilities assumed at the date of acquisition*

	Fair Value \$
<b>Assets</b>	
Cash and cash equivalents	<b>14,126</b>
Exploration and evaluation expenditure	<b>1,902,129</b>
<b>Total assets acquired</b>	<b>1,916,255</b>
<b>Liabilities</b>	
Trade and other payables	<b>78,794</b>
Loans	<b>580,061</b>
<b>Total liabilities assumed</b>	<b>658,855</b>
<b>Total identifiable net assets at fair value</b>	<b>1,257,400</b>

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 15 Acquisitions (continued)**

**a) Acquisition of Afranex Gold Limited (continued)**

*Deferred Tax Liability*

On acquisition of Afranex and its subsidiaries, a taxable temporary difference arose on the exploration expenditure of \$1,902,129. The temporary difference is due to the disparity between the accounting carrying value of the exploration asset versus its tax value. A Deferred Tax Liability (DTL) of \$503,236 has been recognised at the Group level and is calculated as follows:

	\$
Temporary difference relating to exploration	<u>1,902,129</u>
Tax at 30%	<b>570,639</b>
Less tax losses available to subsidiaries	<u>(67,403)</u>
Deferred tax liability on acquisition	<u><b>503,236</b></u>

*Impact of acquisition on the results of the Group*

As the combination occurred at the beginning of the reporting period, there is no further impact on the profit of the Group nor on revenue from continuing operations.

**b) Acquisition of Cambodia Gold Pty Ltd**

On 26 September 2017, the Company acquired 100% of the issued capital of Cambodia Gold Pty Ltd (Cambodia Gold), a company which has applications for mineral exploration licences in the Mondulhiri Province of Cambodia.

*Consideration*

The Company issued 23,500,000 Shares and 11,750,000 options as equity based consideration for the share capital of Cambodia Gold. The shares were valued at the Initial Public Offer (IPO) price of \$0.20 per share and the options were valued in accordance with the Black-Scholes option pricing methodology.

Fair Value of Consideration		Fair Value (\$)
Shares	23,500,000 shares at \$0.20 per share	4,700,000
Options	11,750,000 options with exercise price of \$0.20 and an expiry date of 10 October 2020 <sup>1</sup>	1,470,742
<b>Total consideration</b>		<b>6,170,742</b>

- Inputs to the Black-Scholes pricing model are: share and exercise price of \$0.20; expected volatility of 100%; implied option life of 3 years; risk free rate of 2.10% and a nil expected dividend yield.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 15 Acquisitions (continued)**

***b) Acquisition of Cambodia Gold Pty Ltd (continued)***

Costs incurred in relation to the acquisition of Cambodia Gold Pty Ltd have been included in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. Directly attributable costs of raising equity have been included as a deduction from equity.

*Assets acquired and liabilities assumed at the date of acquisition*

	<b>Fair Value</b> <b>\$</b>
<b>Assets</b>	
Cash and cash equivalents	<b>10</b>
Exploration and evaluation expenditure 1	<b>6,179,732</b>
<b>Total assets acquired</b>	<b>6,179,742</b>
<b>Liabilities</b>	
Trade and other payables	<b>9,000</b>
<b>Total liabilities assumed</b>	<b>9,000</b>
<b>Total identifiable net assets at fair value</b>	<b>6,170,742</b>

1 On acquisition the Company acquired applications for mineral exploration licences which were valued at \$6,179,732. Accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources* states that exploration expenditure can only be capitalised where the rights to tenure of the area of interest are current. As the exploration licences for the Cambodian tenements have not yet been granted, the \$6,179,732 has been expensed.

*Impact of acquisition on the results of the Group*

If the combination had taken place at the beginning of the year, there would have been no impact on the profit of the Group nor on revenue from continuing operations.

***c) Acquisition of 80% Interest in the Kurnalpi Project***

On 26 September 2017, the Company acquired 80% interest in the Kurnalpi Project in Western Australia from Serendipity Resources Pty Ltd (Serendipity).

*Consideration*

The Company issued 3,000,000 Shares at the Initial Public Offer (IPO) price of \$0.20 per share, 2,000,000 options and cash as consideration. The options were valued in accordance with the Black-Scholes option pricing methodology.

**Riversgold Ltd**  
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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 15 Acquisitions (continued)**

***c) Acquisition of 80% Interest in the Kurnalpi Project (continued)***

Fair Value of Consideration		Fair Value (\$)
Cash		100,000
Shares	3,000,000 shares at \$0.20 per share	600,000
Options	2,000,000 options with exercise price of \$0.20 and an expiry date of 10 October 2020 <sup>1</sup>	250,339
<b>Total consideration</b>		<b>950,339</b>
Other costs of acquisition capitalised (fees and stamp duty)		75,140
<b>Total acquisition costs capitalised</b>		<b>1,025,479</b>

- 1 Inputs to the Black-Scholes pricing model are: share and exercise price of \$0.20; expected volatility of 100%; implied option life of 3 years; risk free rate of 2.10% and a nil expected dividend yield.

***d) Acquisition of 100% Interest in the Churchill Dam Project***

On 26 September 2017, the Company acquired 100% interest in the Churchill Dam Project in South Australia from Debnal Pty Ltd (Debnal) through the issue of 500,000 Shares at the Initial Public Offer (IPO) price of \$0.20 per share.

**Note 16 Related party disclosures**

***a) Subsidiaries***

Subsidiary Company	Country of Incorporation	Parent	Ownership Interest	
			31 December 2017	30 June 2017
Riversgold (Australia) Pty Ltd	Australia	Riversgold Ltd	100%	100%
Cambodia Gold Pty Ltd	Australia	Riversgold Ltd	100%	-
Afranex Gold Pty Ltd <sup>1</sup>	Australia	Riversgold Ltd	100%	-
Afranex (Alaska) Limited	USA	Afranex Gold Pty Ltd	100%	-
Black Peak LLC	USA	Afranex Gold Pty Ltd	100%	-
North Fork Resources Pty Ltd	Australia	Afranex Gold Pty Ltd	100%	-
North Fork LLC	USA	Afranex Gold Pty Ltd	100%	-

- <sup>1</sup> In December 2017, Afranex Gold Limited converted to a proprietary company.

- b) The ultimate controlling party of the group is Riversgold Ltd.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 16 Related party disclosures (continued)**

*c) Loans to controlled entities*

The following amounts are payable to the parent company, Riversgold Ltd at the reporting date. These amounts are eliminated on consolidation.

	31 December 2017	30 June 2017
	\$	\$
Riversgold (Australia) Pty Ltd	1,446,814	-
Afranex Gold Pty Ltd	861,254	-
Cambodia Gold Pty Ltd	226,666	-

*d) Transactions with Directors*

During the reporting period the following transactions were entered into with Mr Allan Kelly, and his related entities, in respect of his role as a vendor to the IPO.

- 500,000 ordinary fully paid shares received as consideration for the sale of the Churchill Dam exploration assets to the Company as sole vendor; and
- 1,483,505 ordinary fully paid shares and 741,753 options as consideration for the acquisition of the issued capital of Afranex Gold Limited, as a joint vendor.

In addition, Mr Kelly was paid \$5,001 as repayment of a loan previously made by Mr Kelly to the Afranex Group. This loan was assumed by the Company on acquisition of Afranex Gold Pty Ltd.

**Note 17 Contingencies**

*(i) Contingent liabilities*

There has been no change in contingent liabilities since 30 June 2017.

*(ii) Contingent assets*

There has been no change in contingent assets since 30 June 2017.

**Note 18 Financial instruments**

The carrying amount of financial assets and financial liabilities approximates their fair value.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

**Riversgold Ltd**  
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**Notes to the Condensed Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

**Note 19 Events occurring after the balance sheet date**

In February 2018 the Company entered into an agreement to purchase the Cutler gold prospect which is adjacent to the existing Farr-Jones target located in the Eastern Goldfields of Western Australia. To acquire the 100% interest in the exploration licence, the Company will pay \$40,700 cash and issue 450,000 fully paid ordinary shares and 450,000 unlisted options with an exercise price of \$0.20 and an expiry date 24 months after the issue, to private company Westex Resources Pty Ltd.

In February 2018 the Company entered into a Farm-in Agreement with Alloy Resources Limited (Alloy) whereby the Company can earn up to an 85% interest in two granted Exploration Licences adjacent to its Queen Lapage and Acra South targets. The Company must pay \$30,000 in cash and meet the minimum statutory expenditure requirements of \$114,000 per annum for 3 years in order to earn an initial 70%.

Other than noted above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**Riversgold Ltd**  
**ABN 64 617 614 598**

**Directors' Declaration**

In the opinion of the Directors of Riversgold Ltd ("the Company")

- (a) the attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
  - (ii) giving a true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date of the Group.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Signed at Perth this 15<sup>th</sup> day of March 2018.



**Allan Kelly**  
**Managing Director**

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Riversgold Ltd

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Riversgold Ltd ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Riversgold Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**



**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**15 March 2018**