

BIG RIVER GOLD LIMITED

A B N: 94 106 641 963

Half Year Financial Report

For the half-year ended 30 June 2020

Corporate Directory

Directors

Andrew Richards	Executive Chairman
John Evans	Non-Executive Director
John Cathcart	Non-Executive Director
Beau Nicholls	Non-Executive Director

Company Secretary

Andrew Beigel

Registered office and principal place of business

Level 29
221 St Georges Terrace
Perth WA 6000
Australia
Telephone: +61 8 9480 3708
Internet: www.bigrivergold.com.au

Brazil Office

Avenida do Contorno, 2090
Pilotis, Floresta, 30.110-012
Belo Horizonte - MG
Brazil
Telephone: +55 31 2515 0740

Auditors

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9365 7000
Facsimile: +61 8 9365 7001

Bankers

Bank of Western Australia Ltd
Perth Business Banking Centre
50 William Street
Perth WA 6000

Share Registry (Australia)

Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone (Aust.): 1300 288 664
Telephone (Int.): +61 (0)2 9698 5414

Solicitors

HWL Ebsworth
Level 20, 240 St Georges Terrace
Perth WA 6000
Telephone: +61 8 6559 6626

ASX Code:

Ordinary shares - BRV

Directors' Report

The directors present their report together with the financial report of Big River Gold Limited ("the Company" or "Big River") and its subsidiaries (the "Group") for the half-year ended 30 June 2020, and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are set out below. Directors were in office for the entire period unless otherwise stated.

Name

Mr. A. Richards	Executive Chairman
Mr. J. Evans	Non-executive Director
Mr. J. Cathcart	Non-executive Director – appointed 1 January 2020
Mr. B. Nicholls	Non-executive Director – appointed 1 January 2020
Mr. S. Copulos	Non-executive Chairman – resigned 1 January 2020

Operating Result

The Group incurred an after tax loss for the half-year ended 30 June 2020 of \$775,506 (30 June 2019: loss of \$1,450,112).

Review of operations

Corporate

At the commencement of the reporting period on 1 January 2020, the Company announced the following changes to its Board:

- Mr Stephen Copulos retired as Non-executive Chairman and was replaced by Mr Andrew Richards as Executive Chairman;
- Mr Beau Nicholls and Mr John Cathcart were appointed as Non-executive Directors.

On 2 March 2020 the Company appointed Mr Luis Pablo Carlin Diaz as Vice President, Operations, for the wholly owned Borborema project and based in Brazil.

On 20 March 2020 the Company issued 768,981 Shares for the conversion of Options (exercisable at \$0.02, expiring 30 June 2021) which raised \$15,379.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response by Governments in dealing with the pandemic has affected general activity levels within the global community and economies. The Group's operations are located in Brazil and hence the crisis has had a negative impact on operations as travel by management and consultants from Australia is currently not possible due to the mandatory government suspension of all international travel. The Company has utilised technology (e.g. video conferencing) to mitigate the effects of this disruption.

Big River has introduced flexible work practices that have enabled our operations to quickly adapt with minimal disruption to our business. To ensure the ongoing safety of our employees and continued operations, the Company's Brazil employees continue to work from home as a preventative measure. There have been no COVID-19 cases identified in either Brazil or Australia amongst our employees. In the absence of a vaccine for the virus, the global operating environment remains volatile and the potential disruption to our suppliers and contractors, and further government restrictions, have the potential to adversely impact future operations of the Group.

Any adverse financial impacts on commodity prices and foreign exchange assumptions also have the potential to impact the Company's future operations and results.

The half year financial statements for the Group have been prepared based on assumptions and conditions prevalent at 30 June 2020. Given ongoing economic uncertainty, these assumptions could change in the future.

Borborema Gold Project

During the half-year Big River completed a review of the Definitive Feasibility Study (DFS) for the Borborema Project released in December 2019. The outcomes of the review recommended changes to the plant location and process design that further de-risk the operation and provide substantial improvement to the project economics.

Plant location was optimized leading to a reduction in Capex and Opex. The review of the processing plant confirmed the proposed treatment path and recommended plant and equipment changes to the comminution and elution circuits. The plant changes will provide additional operational security and benefits and include the planned SAG mill circuit to be replaced by three stage crushing and Ball mill; and the AARL elution circuit to be replaced by Pressure Zadra plant. Overall, start up capital costs reduced to US\$90.7M including contingency of US\$11.3M with the Stage 1 AISC of US\$713 per ounce, NPV (8%) post tax of US\$287 and IRR of 57.9%, refer ASX announcement on 9 July 2020.

The Company commissioned additional test work in relation to Mica which developed an alternate separation process involving simple, chemical-free, low cost magnetic separation that produced a pure mica product free of deleterious crystalline silica (quartz). The physical and chemical characteristics of this bulk concentrate are looking commercially attractive.

Preparation of mica samples from tailings is underway to produce mica concentrates potentially suitable for sale into the international market. Various products of various quality and specification will be made available for independent assessment and used to test market acceptance with various offtake counterparties.

The Company has been and continues to investigate a number of alternative funding options for the construction of the Borborema Project. These have included options from traditional banks and alternative funding options. This process is expected to be concluded by the end of 2020.

Subsequent Events

On 7 July 2020 The Company received BRL 500,000 (\$134,360) of deferred consideration from the sale of the Posse iron ore mine. A further BRL 1,500,000 (\$374,572) was received on 11 August 2020. These payments represent full and final settlement of the Posse mine sale, totalling BRL 3,500,000.

On 7 August 2020 the Company:

- issued 5,000,000 ordinary shares in lieu of directors' salaries at a deemed price of \$0.015 per share, and
- issued 15,000,000 ordinary shares to the Executive Chairman subsequent to achievement of a performance rights condition (completion of the Borborema Gold Project DFS) at a deemed price of \$0.015 per share.

On 21 August 2020, 16,667 options were converted into ordinary shares at \$0.02 per share raising \$333 (before costs).

On 21 August 2020 the Company issued 70,000,000 performance rights for nil consideration to the Executive Chairman that will each convert into one ordinary share upon the satisfaction of the following milestones:

- i. commencement of mining and production at Borborema Gold Project on or before 30 June 2022 (30,000,000 performance rights expiring 30 June 2022);
- ii. achieving the KPI of AISC < US\$839 for first year production on or before 30 June 2023 (10,000,000 performance rights expiring 30 June 2023);
- iii. achieving the KPI of Stage 2 Expansion Assessment on or before 30 June 2025 (10,000,000 performance rights expiring 30 June 2025);
- iv. achieving an average \$500m market capitalisation for a period of 12 months (or if change of control valued at >\$500m), or otherwise at the discretion of the Board upon change of control (20,000,000 performance rights).

On 21 August 2020 the Company issued 32,500,000 performance rights for nil consideration to the Vice President Operations - Borborema that will each convert into one ordinary share upon the satisfaction of the following milestones:

- i. Borborema Project finance received on or before 31 December 2020 (2,500,000 performance rights);
- ii. commencement of mining and production at Borborema Gold Project on or before 30 June 2022 (5,000,000 performance rights);
- iii. achieving throughput in the first 6 months at or greater than budget tonnes and grade on or before 31 December 2022 (2,500,000 performance rights);
- iv. achieving the KPI of AISC < US\$839 for first year production on or before 30 June 2023 (2,500,000 performance rights);
- v. achieving the KPI of AISC < US\$800 for first year production on or before 30 June 2023 (2,500,000 performance rights);
- vi. achieving throughput in the first 12 months at or greater than budget tonnes and grade on or before 30 June 2023 (5,000,000 performance rights);
- vii. achieving the KPI of Stage 2 Expansion Assessment on or before 30 June 2025 (2,500,000 performance rights);
- viii. achieving the KPI of completing the Stage 2 Expansion in accordance with schedule (10,000,000 performance rights).

There have been no other matters or circumstances that have occurred subsequent to the reporting date that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in future years.

Auditor Independence Declaration

The auditor's independence declaration is included on page 24 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



A. Richards
Executive Director

Perth, 11 September 2020

Competent Person Statement

Borborema mineral resource estimate

The information in this announcement that relates to the mineral resource estimate for the Borborema Project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Big River confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

Borborema ore reserve estimate

The information in this announcement that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 6 March 2018, 29 March 2018 and 11 April 2018. All material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply or have been updated in the attached JORC Table 1.

That portion of the Ore Reserve that was included in the Stage 1 Mining Schedule for the December 2019 Definitive Feasibility Study (DFS) was reviewed by Porfirio Cabaleiro Rodriguez, BSc. (MEng), MAIG of GE21 as part of the DFS. The Ore Reserve was first reported in accordance with ASX Listing Rule 5.9 on 24 July 2017 and updated on 6 March 2018 and is based on information compiled by Mr. Linton Kirk, Competent Person who is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy. Mr. Kirk is employed by Kirk Mining Consultants Pty Ltd and is an independent consultant to the company.

Index to the condensed consolidated financial statements

	Page
Condensed consolidated statement of profit or loss and other comprehensive income	8
Condensed consolidated statement of financial position	9
Condensed consolidated statement of changes in equity	10
Condensed consolidated statement of cash flows	11
Notes to the condensed consolidated financial statements	12
1 General information	12
2 Significant accounting policies	12
3 Segment information	13
4 Other income	14
5 Finance costs	15
6 Income Tax	15
7 Trade and other receivables	15
8 Financial assets	16
9 Exploration and evaluation assets	16
10 Issued capital	17
11 Reserves	17
12 Dividends	17
13 Contingent liabilities	18
14 Loss per share	18
15 Discontinued operations	18
16 Subsequent events	20
Directors declaration	22
Independent audit report	23
Auditor's independence declaration	25

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Note	Consolidated Half-year ended	
		30 June 2020	30 June 2019
		\$	\$
Continuing operations			
Gross Profit		-	-
Other income	4	516,222	187,274
Fair value gain on equity investment at FVPL	8	-	750,000
Administration		(442,309)	(400,889)
Corporate expenses		(560,155)	(1,287,158)
Business Development		-	-
Finance costs	5	(5,872)	(269,251)
Depreciation and amortisation		(19,094)	(11,235)
Exploration and evaluation	9	(41,797)	(8,278)
Unrealised foreign exchange (loss)/gain		(222,501)	(7,245)
Other (income) from ordinary activities		-	17,340
Loss before income tax		(775,506)	(1,029,442)
Income tax expense	6	-	-
Net loss from continuing operations		(775,506)	(1,029,442)
Discontinued Operations			
Net profit (loss) from discontinued operations - Juruena	15	-	(420,670)
Net loss for the period		(775,506)	(1,450,112)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(3,632,181)	160,716
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		(3,632,181)	160,716
Total comprehensive (loss)/income for the period attributable to owners of the parent		(4,407,687)	(1,289,396)
Loss per share			
From continuing and discontinued operations			
Basic (cents per share)	14	(0.06)	(0.26)
Diluted (cents per share)	14	(0.06)	(0.26)
From continuing operations			
Basic (cents per share)	14	(0.06)	(0.18)
Diluted (cents per share)	14	(0.06)	(0.18)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	Consolidated	
		30 Jun 2020 \$	31 Dec 2019 \$
Current Assets			
Cash and cash equivalents		2,991,825	4,313,096
Trade and other receivables	7	14,824	150,207
Other current assets		134,845	439,698
Total Current Assets		3,141,494	4,903,001
Non-Current Assets			
Exploration and evaluation assets	9	18,075,497	20,848,286
Property, plant and equipment		119,306	85,742
Right-of-use Asset		16,681	24,936
Total Non-Current Assets		18,211,484	20,958,964
Total Assets		21,352,978	25,861,965
Current Liabilities			
Trade and other payables		430,373	564,476
Lease liability – current		15,803	21,974
Total Current Liabilities		446,176	586,450
Non-Current Liabilities			
Trade and other payables		653,727	620,355
Lease liability – non-current		-	10,133
Total Non-Current Liabilities		653,727	630,488
Total Liabilities		1,099,903	1,216,938
Net Assets		20,253,075	24,645,027
Equity			
Total equity attributable to equity holders of the Company			
Issued capital	10	94,038,477	94,022,742
Reserves	11	6,998,462	10,630,643
Retained earnings		(80,783,864)	(80,008,358)
Total Equity		20,253,075	24,645,027

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	Issued Capital	Retained Earnings	Reserves				Total Equity
			Foreign Currency Translation Reserve	Share Based Payments Reserve	Investment Revaluation Reserve	Other Reserve	
Consolidated							
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2019	86,352,263	(77,959,064)	(1,580,173)	10,970,147	-	157,728	17,940,901
Impact of change in accounting policy ¹	-	(11,781)	-	-	-	-	(11,781)
At 1 January 2019 (restated)	86,352,263	(77,970,845)	(1,580,173)	10,970,147	-	157,728	17,929,120
Other comprehensive loss for period	-	-	160,716	-	-	-	160,716
Loss for the period	-	(1,450,112)	-	-	-	-	(1,450,112)
Total comprehensive income for period	-	(1,450,112)	160,716	-	-	-	(1,289,396)
Shares issued	1,147,203	-	-	-	-	-	1,147,203
Share issued upon exercise of options	-	-	-	-	-	-	-
Share issue costs	(181,920)	-	-	-	-	-	(181,920)
Conversion of Convertible Note	-	-	-	-	-	33,669	33,669
Share Based Payments	-	-	-	(20,625)	-	-	(20,625)
At 30 June 2019	87,317,546	(79,420,957)	(1,419,457)	10,949,522	-	191,397	17,618,051
At 1 January 2020	94,022,742	(80,008,358)	(1,707,380)	12,221,008	-	117,015	24,645,027
Other comprehensive income for period	-	-	(3,632,181)	-	-	-	(3,632,181)
Loss for the period	-	(775,506)	-	-	-	-	(775,506)
Total comprehensive income for period	-	(775,506)	(3,632,181)	-	-	-	(4,407,687)
Shares issued	15,735	-	-	-	-	-	15,735
At 30 June 2020	94,038,477	(80,783,864)	(5,339,561)	12,221,008	-	117,015	20,253,075

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

1. Impact of adopting AASB16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities		
Payments to suppliers and employees	(596,495)	(1,982,336)
Interest paid on lease liabilities	(1,706)	-
Net cash used in operating activities	(598,201)	(1,982,336)
Cash flows from investing activities		
Interest received	2,699	3,914
Receipts from disposal of property, plant and equipment	430,731	1,144,835
Payments for exploration and evaluation	(1,109,081)	(613,099)
Net cash provided by (used in) investing activities	(675,651)	535,650
Cash flows from financing activities		
Proceeds from issues of equity securities	15,735	689,269
Costs of issuing securities	-	(181,920)
Proceeds of borrowings	-	1,750,000
Repayment of principal of lease liabilities	(5,519)	-
Net cash provided by financing activities	10,216	2,257,349
Net (decrease)/increase in cash and cash equivalents	(1,263,636)	810,663
Cash and cash equivalents at the beginning of the financial period	4,313,096	432,228
Effect of exchange rate fluctuations on cash held in foreign currencies	(57,635)	(17,956)
Cash and cash equivalents at the end of the financial period	2,991,825	1,224,935

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the condensed consolidated financial statements

1. General Information

Big River Gold Limited (“the Parent Entity” or “Big River” or “the Company”) is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company’s registered office and principal place of business is Level 29, 221 St Georges Terrace, Perth, Western Australia. The Consolidated Financial Statements of the Company as at, and for, the half-year ended 30 June 2020 comprise those of the Company and its subsidiaries (together referred to as the “the Consolidated Entity” or “the Group”). The Group is involved primarily in the mineral exploration industry.

2. Significant accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the interim reporting period, unless otherwise stated.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2019 annual financial report for the twelve months ended 31 December 2019. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Changes in significant accounting policies

There were no significant changes in accounting policies during the period.

Cash and cash equivalents

Cash comprises cash balances and at call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Going concern

The financial report has 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.

The Group incurred a loss of \$775,506 (2019: loss \$1,450,112) and experienced net cash outflows from operating and investing activities of \$1,273,853 (2019: outflows of \$1,446,686) for the half year ended 30 June 2020. As at 30 June 2020, the Group had a net current asset position of \$2,695,318 (31 December 2019: net current assets of \$4,316,551).

Cash and cash equivalents totalled \$2,991,825 as at 30 June 2020 (31 December 2019: \$4,313,096).

The Directors have prepared a cash flow forecast for the Group out to 30 September 2021 which indicates the Group currently holds sufficient working capital to meet the expected cash outflows over this period and beyond, based on budgeted operational requirements, which includes committed capital expenditure relating to the Borborema Gold project.

Notes to the condensed consolidated financial statements

As at the date of signing this half year financial report, the Directors are managing the Group's cash flow requirements closely and continue to implement strategies that will streamline business processes and reduce ongoing expenditure.

The Directors consider that the Company has demonstrated a track record of successfully raising capital and expect that the Company will continue to do so in the future, as required, to support the Group's monthly cash flow requirements, including repayment of amounts due to creditors and other parties and the continued exploration and development spend committed at the Group's key projects.

As a result of the above, the Directors have prepared these financial statements on a going concern basis.

3. Segment information

The following table presents the revenue results information analysed by mineral resource for the half years ended 30 June 2020 and 30 June 2019. This is the group's primary basis of segmentation.

Jun-2020	Gold \$	Unallocated \$	Total \$
Other revenue	-	516,222	516,222
Exploration and evaluation	(41,797)	-	(41,797)
Central administration costs	(184,851)	(817,613)	(1,002,464)
Depreciation and amortisation	(3,874)	(15,220)	(19,094)
Unrealised foreign exchange loss	-	(222,501)	(222,501)
Finance costs	-	(5,872)	(5,872)
Other expenses from ordinary activities	-	-	-
Segment Result	(230,522)	(544,984)	(775,506)

Jun-2019	Gold \$	Unallocated \$	Total \$
Other revenue	-	937,274	937,274
Exploration and evaluation	(8,278)	-	(8,278)
Central administration costs	(424,762)	(1,263,285)	(1,688,047)
Depreciation and amortisation	(4,837)	(6,398)	(11,235)
Unrealised foreign exchange loss	-	(7,245)	(7,245)
Finance costs	-	(269,251)	(269,251)
Other expenses from ordinary activities	-	17,340	17,340
Segment Result	(437,877)	(591,565)	(1,029,442)

Notes to the condensed consolidated financial statements

The following is an analysis of the consolidated entity's assets by reportable operating segment:

Jun-2020	Gold	Unallocated	Total
	\$	\$	\$
Current assets	232,773	2,908,721	3,141,494
Non-current assets	18,182,424	29,060	18,211,484
Total Assets	18,415,197	2,937,781	21,352,978
Current liabilities	150,207	295,969	446,176
Non-current liabilities	-	653,727	653,727
Total Liabilities	150,207	949,696	1,099,903
Net Assets / (Net Liabilities)	18,264,990	1,988,085	20,253,075
Dec-2019	Gold	Corporate/ Unallocated	Total
	\$	\$	\$
Current assets	34,382	4,868,619	4,903,001
Non-current assets	20,910,681	48,283	20,958,964
Total Assets	20,945,063	4,916,902	25,861,965
Current liabilities	110,902	475,548	586,450
Non-current liabilities	-	630,488	630,488
Total Liabilities	110,902	1,106,036	1,216,938
Net Assets / (Net Liabilities)	20,834,161	3,810,866	24,645,027

	Consolidated Half-year ended	
	30 June 2020	30 June 2019
	\$	\$

4. Other income

Interest revenue	3,081	3,181
Proceeds from sale of assets	469,350	184,093
Miscellaneous income	43,791	-
	516,222	187,274

Notes to the condensed consolidated financial statements

	Consolidated Half-year ended	
	30 June 2020 \$	30 June 2019 \$

5. Finance costs

Interest expense	4,166	269,251
Interest paid on lease liabilities	1,706	-
	5,872	269,251

6. Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit, or tax loss, for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

	Consolidated	
	30 Jun 2020 \$	31 Dec 2019 \$

7. Trade and other receivables

Current		
Other receivables	189,187	250,482
Less provision for doubtful debts	(189,187)	(250,482)
Other receivables	14,824	150,207
	14,824	150,207

Other receivables are non-interest bearing and include GST credits receivable from the Australian Taxation Office and rental deposit paid.

Notes to the condensed consolidated financial statements

	Consolidated	
	30 Jun 2020 \$	30 Jun 2019 \$

8. Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Amounts recognised in profit or loss

During the year, the following gains (losses) were recognised in profit or loss:

Fair value gains on equity investments at FVPL	-	750,000
	<u>-</u>	<u>750,000</u>

	Consolidated	
	30 Jun 2020 \$	31 Dec 2019 \$

9. Exploration and evaluation assets

Costs brought forward	20,848,286	19,325,779
Expenditure incurred during the period	718,079	2,120,095
Expenditure expensed	(41,797)	(21,860)
Effect of exchange rates	(3,449,071)	(575,728)
Costs carried forward	<u>18,075,497</u>	<u>20,848,286</u>

The Group has exploration and evaluation assets relating to three mining leases covering a total area of 29km² including freehold title over the main prospect area, held in the Seridó area of the Borborema province in north-eastern Brazil. The Group holds additional exploration licences totalling 410km² in the Seridó belt. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Impairment of Non-Current Assets

Non-financial assets are reviewed annually to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made. No impairment has been identified at 30 June 2020.

Notes to the condensed consolidated financial statements

10. Issued capital

Fully paid ordinary share capital	Consolidated			
	Jun-2020		Dec-2019	
	No.	\$	No.	\$
Balance at the start of the financial period	1,317,197,554	94,022,742	502,150,521	86,352,263
Shares issued for cash	-	-	558,747,301	5,837,473
Share based payments	-	-	16,299,732	162,998
Shares issued on conversion of convertible notes	-	-	240,000,000	2,400,000
Shares issued on exercise of options	786,758	15,735	-	-
Capital raising costs	-	-	-	(729,992)
Balance at the end of the financial period	<u>1,317,984,312</u>	<u>94,038,477</u>	<u>1,317,197,554</u>	<u>94,022,742</u>

11. Reserves

Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Investment Revaluation Reserve is used to record movements in the fair value of available-for-sale financial assets.

The Other Reserve (Convertible Note Reserve) represents the equity component (conversion rights) on the issue of unsecured convertible notes.

	Consolidated	
	30 Jun 2020 \$	31 Dec 2019 \$
Reserves		
Share based payment reserve	12,221,008	12,221,008
Foreign currency translation reserve	(5,339,561)	(1,707,380)
Other reserve	117,015	117,015
	<u>6,998,462</u>	<u>10,630,643</u>

12. Dividends

No dividends have been paid or provided for in the period.

Notes to the condensed consolidated financial statements

13. Contingent liabilities

The group is not aware of any contingent liabilities which existed as at the end of the financial period or have arisen as at the date of this report.

14. Loss per share

Basic and diluted loss per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	30 Jun 2020 \$	30 Jun 2019 \$
Net (loss) / profit attributable to ordinary equity holders of the parent	(775,506)	(1,450,112)
	No.	No.
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share	1,317,630,280	560,811,419

Due to the net loss position of the Group, any conversion to shares would be anti-dilutive.

15. Discontinued operations

On 31 May 2019 the Company completed the sale agreement to sell its Juruena-Novo Astro Gold projects to Meteoric Resources NL (MEI). The consideration received consisted of the following:

Upfront consideration

- (1) \$1,000,000 cash at settlement.
- (2) \$500,000 of MEI shares, comprised of 50,000,000 shares at a deemed issue price of 1c each at settlement (subject to voluntary escrow for a period of 12 months from the date of issue). These shares were subsequently released from escrow and disposed by the Company in 2019 receiving consideration of 5.5 cents per share.

Contingent consideration

- (3) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon defining a mineral resource estimate in accordance with the JORC Code, at Juruena and/or Novo Astro containing at least 400,000 oz gold.
- (4) \$750,000 of MEI shares at an issue price equal to a 5-day VWAP upon the Board of Meteoric approving a decision to mine at Juruena and/or Novo Astro, pursuant to a granted mining licence.

Given that there is some uncertainty regarding the conditions 3 and 4 above, the contingent consideration has not yet been recognised.

The Juruena Gold Project is reported as a discontinued operation, in the comparative period, due to the sale.

Notes to the condensed consolidated financial statements

Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

	31 May 2019 \$
Other income	-
Depreciation and amortisation	(4,641)
Other expenses from ordinary activities	(434,638)
Loss before income tax expense	(439,279)
Income tax expense	-
Profit (Loss) after income tax of discontinued operation	(439,279)
Profit on sale of Juruena, after income tax	18,609
Profit (Loss) from discontinued operations¹	(420,670)
Net cash used in operating activities	(253,856)
Net cash from (used for) investing activities	-
Net cash from (used for) financing activities	-
Net cash (outflow)/inflow from the disposal group	(253,856)
Details of the sale of Juruena	
Consideration received or receivable ² :	
Cash	964,000
Financial assets	500,000
Receivables	36,486
Total disposal consideration	1,500,486
Carrying amount of net assets sold	(1,481,877)
Profit on sale before income tax	18,609
Income tax expense	-
Profit on sale after income tax	18,609
The carrying amount of assets and liabilities as at the date of sale (31 May 2019) were:	
Exploration and evaluation assets	1,516,315
Property, plant and equipment	28,242
Other current assets	59,950
Total assets	1,604,507
Payables	(68,548)
Employee provisions	(54,082)
Total liabilities	(122,630)
Net assets	1,481,877

- (1) The loss from discontinued operations of \$420,670 is attributable entirely to the owners of the Company.
- (2) The consideration received does not include the contingent consideration that might be received as performance shares should the conditions be met.

Notes to the condensed consolidated financial statements

16. Subsequent events

On 7 July 2020 The Company received BRL 500,000 (\$134,360) of deferred consideration from the sale of the Posse iron ore mine. A further BRL 1,500,000 (\$374,572) was received on 11 August 2020. These payments represent full and final settlement of the Posse mine sale, totalling BRL 3,500,000.

On 7 August 2020 the Company:

- issued 5,000,000 ordinary shares in lieu of directors' salaries at a deemed price of \$0.015 per share, and
- issued 15,000,000 ordinary shares to the Executive Chairman subsequent to achievement of a performance rights condition (completion of the Borborema Gold Project DFS) at a deemed price of \$0.015 per share.

On 21 August 2020, 16,667 options were converted into ordinary shares at \$0.02 per share raising \$333 (before costs).

On 21 August 2020 the Company issued 70,000,000 performance rights for nil consideration to the Executive Chairman that will each convert into one ordinary share upon the satisfaction of the following milestones:

- v. commencement of mining and production at Borborema Gold Project on or before 30 June 2022 (30,000,000 performance rights expiring 30 June 2022);
- vi. achieving the KPI of AISC < US\$839 for first year production on or before 30 June 2023 (10,000,000 performance rights expiring 30 June 2023);
- vii. achieving the KPI of Stage 2 Expansion Assessment on or before 30 June 2025 (10,000,000 performance rights expiring 30 June 2025);
- viii. achieving an average \$500m market capitalisation for a period of 12 months (or if change of control valued at >\$500m), or otherwise at the discretion of the Board upon change of control (20,000,000 performance rights).

On 21 August 2020 the Company issued 32,500,000 performance rights for nil consideration to the Vice President Operations - Borborema that will each convert into one ordinary share upon the satisfaction of the following milestones:

- ix. Borborema Project finance received on or before 31 December 2020 (2,500,000 performance rights);
- x. commencement of mining and production at Borborema Gold Project on or before 30 June 2022 (5,000,000 performance rights);
- xi. achieving throughput in the first 6 months at or greater than budget tonnes and grade on or before 31 December 2022 (2,500,000 performance rights);
- xii. achieving the KPI of AISC < US\$839 for first year production on or before 30 June 2023 (2,500,000 performance rights);
- xiii. achieving the KPI of AISC < US\$800 for first year production on or before 30 June 2023 (2,500,000 performance rights);
- xiv. achieving throughput in the first 12 months at or greater than budget tonnes and grade on or before 30 June 2023 (5,000,000 performance rights);
- xv. achieving the KPI of Stage 2 Expansion Assessment on or before 30 June 2025 (2,500,000 performance rights);
- xvi. achieving the KPI of completing the Stage 2 Expansion in accordance with schedule (10,000,000 performance rights).

Notes to the condensed consolidated financial statements

There have been no other matters or circumstances that have occurred subsequent to the reporting date that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in future years.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



A Richards
Executive Director

Perth
11 September 2020

Independent Auditor's Review Report to the members of Big River Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Big River Gold Limited, which comprises the condensed statement of financial position as at 30 June 2020, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

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 30 June 2020 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 Big River Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Big River Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

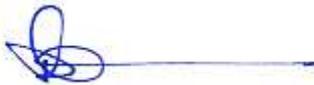
Conclusion

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 Big River Gold Limited 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 30 June 2020 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*.



DELOITTE TOUCHE TOHMATSU



D K Andrews

Partner

Chartered Accountants

Perth, 11 September 2020

The Board of Directors
Big River Gold Limited
Level 29/221 St Georges Terrace
Perth WA 6000
Australia

11 September 2020

Dear Board Members

Big River Gold Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Big River Gold Limited.

As lead audit partner for the review of the financial statements of Big River Gold Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



D K Andrews
Partner
Chartered Accountants