RIFT VALLEY RESOURCES LIMITED

Annual Report
for the financial year ended 30 June 2014

Rift Valley Resources Limited
and Controlled Entities

ABN 86 121 985 395

Corporate directory

Directors	Geoffrey Gilmour, Managing Director Greg Cunnold, Technical Director Graeme Clatworthy, Non-Executive Director
Company Secretary	Mr Scott Mison
Registered Office	Level 2 23 Barrack Street Perth WA 6000 www.riftvalleyresources.com.au info@riftvalleyresources.com.au
Share Registry	Boardroom Pty Ltd Level 7 207 Kent Street SYDNEY NSW 2000
Auditors	Ernst & Young 11 Mounts Bay Road PERTH WA 6000
Lawyers	Johnson Winter & Slattery Level 4, Westralia Plaza 167 St Georges Terrace Perth WA 6000
ASX Code	RVY

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Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the period ended 30 June 2014, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Company is committed to implementing the best standards of corporate governance appropriate for the Company's size and scale. In determining what those standards should involve, the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The ASX Corporate Governance Council ("the Council") issued the second edition of the Corporate Governance Principles and Recommendations with 2010 Amendments in June 2010.

To illustrate where the Company has addressed each of the Council's revised recommendations, the following summary cross-references to each revised recommendation. Details of all of the revised recommendations can be found on the ASX Corporate Governance Council's website.

Introduction

Rift Valley Resources Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.riftvalleyresources.com.au:

- Code of Conduct;
- Securities Trading Policy;
- Health, Safety and Environment Policy;
- Shareholder Communications and Continuous Disclosure Strategy;
- Risk Management Policy;
- Board Performance and Evaluation Policy;
- Board Charter;
- Remuneration Committee Charter; and
- Diversity Policy.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rules, the Company hereby discloses the extent to which each of the Principles of Best Practice Recommendations have been followed during the financial year. Where a departure from the recommendation has been identified, an explanation for this departure has been provided below. Further details can be found on the Company's website at www.riftvalleyresources.com.au.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Council Principle 1: ***Companies should establish and disclose the respective roles and responsibilities of board and management.***
Council Recommendation 1.1: *Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*
The Company complies with this recommendation. The board has set out the responsibilities of the Board in the Board Charter which can be accessed on the company website. Any functions not reserved for the Board and not expressly reserved by the Resources Act and ASX Listing Rules are reserved for senior executives.
Council Recommendation 1.2: *Disclose the process for evaluating the performance of senior executives.*
The Company complies with this recommendation. Arrangements put in place by the Board to monitor the performance of the Group's executives include: a review by the Board of the achievement of performance targets set based on the organisation's objectives in accordance with its strategy;

comparison of executive remuneration levels to industry benchmarks; and

annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

Council Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1

The Company complies with this recommendation.

The evaluation process was not undertaken in accordance with this process due to the major changes to the Company's executive and Board during the financial year.

2. STRUCTURE THE BOARD TO ADD VALUE

Council Principle 2:

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

Council Recommendation 2.1:

A majority of the Board should be independent directors.

The Board of Rift Valley Resources had three independent directors, Mr McKay, Mr Murcia, and Mr Kagaruki and two non-independent directors, Mr McKevitt and Mr Gilmour, for the majority of the financial year.

Significant Board restructuring resulted in the resignation of Mr Kagaruki on 4 April 2013, the resignation of Mr Murcia on 4 June 2013 and the appointment of Mr Warren Gilmour on 4 June 2013 as an Executive Chairman. Accordingly, from 4 April 2013 the Board no longer consisted of a majority of independent directors.

The Board believes that it is able to exercise independence and judgement and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.

The Company complied with Recommendation 2.1 from 1 July 2012 to 4 April 2013.

Council Recommendation 2.2:

The chair should be an independent director.

The Company's previous Chairman, Mr Didier Murcia, was considered by the Board to be independent, however Mr Murcia resigned on 4 June 2013.

Mr Warren Gilmour, who is not considered to be independent, was appointment as Executive Chairman on 4 June 2013. The Board believes that Warren Gilmour's extensive experience enables him to effectively exercise independence in his role as Executive Chairman. Mr Gilmour is also a substantial shareholder of the Company.

The Company complied with Recommendation 2.2 from 1 July 2012 until 4 June 2013.

Council Recommendation 2.3:

The roles of chair and chief executive officer should not be exercised by the same individual.

The roles of chairman and chief executive officer are not exercised by the same individual.

Council Recommendation 2.4:

The Board should establish a nomination committee.

The board has not established a nomination committee. Given the composition of the Board and the size of the Company, it is felt that a nomination committee is not yet warranted. The full Board will review such items.

Council Recommendation 2.5:

Disclose the process for evaluating the performance of the board, its committees and individual directors.

The Company complies with this recommendation.

The Chairman will undertake an annual review in relation to the performance of each Director of the Company. The Board will also meet to discuss its performance as a whole.

Council Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

The Company complies with this recommendation and provides the following disclosures.

The skills, experience and expertise relevant to the position held by each director are disclosed in the Directors Report.

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Period of Office Held by each director in office at the date of the Directors Report:

Warren Gilmour – appointed 4 June 2013, tenure 4 months

Geoff Gilmour – appointed 30 November 2009, tenure 46 months

Keith McKay – appointed 20 June 2012, tenure 15 months

The performance evaluation was not undertaken in accordance with the developed process as the Company's Board was substantially changed as part of Board restructuring towards the latter part of the financial year.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Council Principle 3:

Companies should actively promote ethical and responsible decision-making.

Council Recommendation 3.1:

Establish a code of conduct and disclose the code or a summary of the code as to:
the practices necessary to maintain confidence in the Company's integrity;
the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company complies with this recommendation.

The Company has adopted a Code of Conduct for Directors which can be accessed on the website.

Council Recommendation 3.2:

Companies should establish a policy concerning diversity, and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them

The Company partly complies with this recommendation.

A diversity policy was adopted on 14 August 2012 and a copy of the Company's Diversity policy is available on the website. The policy does not contain measurable objectives as the Company is not of a sufficient size or scale to justify application of such objectives.

Council Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity.

The Company does not comply with this recommendation as it has not implemented a policy containing measurable objectives.

Council Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Company complies with this recommendation. The Company currently employs 33% women, one of whom is an officer of the company. There are no women on the board of Directors.

Council Recommendation 3.5:

Provide the information indicated in the Guide to reporting on Principle 3.

The Company complies with this recommendation.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Council Principle 4:

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting

Council Recommendation 4.1: *The Board should establish an audit committee.*
An audit committee has not been established. Given the composition of the Board and the size of the Company, it is felt that an audit committee is not yet warranted, however it is expected that as the Company's operations expand that an audit committee will be established. The Company does not comply with this Recommendation.
Council Recommendation 4.2: *The audit committee should be structured so that it:* *consists only of non-executive directors;* *consists of a majority of independent directors;* *is chaired by an independent chair, who is not chair of the board;* *has at least three members.*
Not applicable
Council Recommendation 4.3 *The audit committee should have a formal charter.*
Not applicable
Council Recommendation 4.4: *Provide the information indicated in the Guide to reporting on Principle 4.*
The Company complies with this recommendation and provides the following disclosure. The current policy of the external auditor is to rotate the engagement partner every five years.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Council Principle 5: ***Companies should promote timely and balanced disclosure of all material matters concerning the Company***
Council Recommendation 5.1: *Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*
The Company complies with this recommendation. The Company has adopted a Continuous Disclosure Policy which is available on its website.
Council Recommendation 5.2: *Provide the information indicated in the Guide to reporting on Principle 5.*
The Company complies with this recommendation.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Council Principle 6: ***Companies should respect the rights of shareholders and facilitate the effective exercise of those rights***
Council Recommendation 6.1: *Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.*
The Company complies with this recommendation. The Company has adopted a Shareholder Communication Policy which is available on its website.

Council Recommendation 6.2: *Provide the information indicated in the Guide to reporting on Principle 6.*
The Company complies with this recommendation.

7. RECOGNISE AND MANAGE RISK

Council Principle 7: ***Companies should establish a sound system of risk oversight and management and internal control***
Council Recommendation 7.1: *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*
The Company complies with this recommendation. The Company has a Risk Management Policy which is available on the website.
Council Recommendation 7.2 *The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*
The Managing Director and the Chief Financial Officer reviewed the risk management and internal control systems. They intend to report annually to the Board in respect of the company's key business risks and how they are being managed.
Council Recommendation 7.3 *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*
The Company complies with this recommendation. The Board receives assurance from the managing director and the chief financial officer in the form of a declaration, prior to approving the financial statements.
Council Recommendation 7.4: *Provide the information indicated in the Guide to reporting on Principle 7.*
The Company complies with this recommendation and provides the following disclosure; The board has received assurance from the managing director and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Council Principle 8: ***Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.***
Council Recommendation 8.1 *The Board should establish a remuneration committee.*
The Company does not comply with this Recommendation. The Company developed a remuneration committee charter on 14 August 2012, however owing to the size and scale of the Company, it was agreed that a separate committee would not increase efficiency or effectiveness and that remuneration matters are of such significance that they should be considered by the full Board.

The remuneration charter is available on the website.
Council Recommendation 8.2 *The remuneration committee should be structured so that it;* *Consists of a majority of independent directors;* *Is chaired by an independent chair* *Has at least three members*
Not applicable.
Council Recommendation 8.3 *Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*
The Company complies with this recommendation. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive. The Board believes that the best way to achieve this objective is to provide Executive Directors and Executives with a remuneration package that may consist of; fixed components that reflect the person's responsibilities, duties and personal performance; and share based payments in the form of options as an incentive for performance that achieves medium term or longer term goals. The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry. The aggregate amount payable to the Company's Non-Executive Directors in respect of non-executive director fees must not exceed the maximum annual amount approved by the Company's shareholders, which is currently set at $400,000 per annum.
Council Recommendation 8.4: *Provide the information indicated in the Guide to reporting on Principle 8.*
The Company complies with this recommendation and provides the following disclosures; Meetings of the remuneration committee – not applicable. The Company currently has no schemes for retirement benefits, other than superannuation for directors. The Company does not have any unvested entitlements under any equity-based remuneration scheme

Directors' Report

The Directors of Rift Valley Resources Limited ("the Company") submit herewith the annual financial report of Rift Valley Resources Limited and its controlled entities ("Consolidated Entity") for the year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors and Directors' Details

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Geoffrey Gilmour **Executive Director** **Appointed: 30 November 2009** **Age: 50 years**	Geoff Gilmour has over 20 years corporate experience in the junior resource market and was instrumental in the creation of Andean Resources Ltd. Mr Gilmour was previously Managing Director of Amex Resources Ltd. Mr Gilmour, became Managing Director of the Company again on 15 March 2013.
Greg Cunnold **Technical Director** **Appointed: 10 February 2014** **Age: 49 years**	Greg Cunnold is a geologist with over 20 years' experience in the international exploration industry. His expertise extends from project definition and acquisition, through grass roots exploration and delineation, to resource definition and bankable feasibility. During his career Greg has worked on a range of precious metal, base metal and industrial mineral projects throughout the world. Greg was the first geologist stationed in Romania for Gabriel Resources, where he resided for five years working as project manager on the Rosia Montana gold project, culminating in the completion of a BFS on the 14 million ounce gold deposit defined there. More recently Greg was the Exploration Manager for Reward Minerals, during which time the company discovered and delineated Australia's first potash resource of over 20 million tonnes of potassium sulphate at Lake Disappointment. Greg holds a Bachelor of Science (Geology) degree from the University of Western Australia. He is also a member of the Australian Institute of Geoscientists (MAIG) and the Australian Institute of Mining and Metallurgy (AusIMM).
Graeme Clatworthy **Non-executive Director** **Appointed: 10 February 2014** **Age: 49 years**	Graeme holds a Bachelor of Business, majoring in Accounting. He has accumulated 27 years of experience in the Australian Capital Markets having worked for several Australian based Stockbroking firms. Graeme brings to Rift Valley a vast understanding of Capital Markets and has established long standing relationships within the broking community. Graeme has previously held directorships of Yilgarn Gold Ltd, Brightstar Resources Ltd and is currently an Executive Director of Meteoric Resources NL.
Warren Gilmour - CPA **Executive Chairman** **Appointed: 4 June 2013** **Resigned: 10 February 2014** **Age: 77 years**	Warren Gilmour was Chairman of Brightstar Resources Ltd prior to Brightstar merging with Rift Valley Resources Ltd in June 2012. He was previously executive founding Chairman of gold company Andean Resources Ltd, where over an 8 year period, the capitalisation of the company increased from less than $1 million to an eventual sale of over $3.5 billion. Warren is a Certified Practising Accountant and a life member of CPA Australia. He has had considerable work experience in project management, financing and listed company management. His other Directorships include Tanner Investments Pty Ltd.
Keith McKay - B.Sc (Hons) **Non-Executive Director** **Appointed 20 June 2012** **Resigned: 10 February 2014** **Age: 68 years**	Keith McKay is a Geologist with 40 years technical and corporate experience in the mining industry as a senior executive, director and chairman. Corporate roles formerly held by Mr McKay include Chairman of Gindalbie Metals Ltd, Managing Director of Gallery Gold Ltd, Australian Managing Director of Battle Mountain Gold Company, Director of Centaurus Metals Ltd and Director of Niugini Mining Ltd. As Managing Director of Gallery Gold, Keith McKay had extensive African experience, particularly in Botswana and Tanzania. Under his management, Gallery Gold discovered and developed the Mupane gold mine in Botswana and prior to this Battle Mountain discovered the Pajingo and Vera Nancy gold deposits in Queensland. Keith McKay also served as a director of Rift Valley Resources (Africa) P/L (formerly Rift Valley Resources Ltd) (ASX: RFV) which was a listed entity prior to the merger with the Company.

Company Secretary – Mr. Scott Mison - B.Bus, CA, ACSA.

Scott Mison holds a Bachelor of Business degree majoring in Accounting and Business Law and is a member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia.

Mr. Mison is a director of Jupiter Energy Limited, InterMet Resources Limited and is Company Secretary at IDM International Limited. He is also a member of the board of Wheelchair Sports WA Inc.

Principal Activities

The principal activity of the Company is exploration for gold in Tanzania and rare earths, gold and copper in Angola.

Operating and Financial Review

The consolidated entity incurred an operating loss after income tax of $738,319 (30 June 2013: $5,851,211) for the year ended 30 June 2014.

SABLE MINERALS ACQUISITION TRANSACTION

During the year the company announced that it had executed a sale and purchase agreement to acquire 100% of Sable Minerals Pty Ltd. The key terms of the agreement are as follows:

- An all script purchase with a deemed value of $1.5M.
- Payment by way of Rift Valley shares in two tranches.
- The first tranche of 40 million shares escrowed for 12 months, issued 20 November 2013.The second tranche of $700,000 to be issued in 12 months from date of signing at the 15 day value weighted average price with conditions precedents

The acquisition of Sable Minerals and its Angolan company subsidiaries will give Rift Valley the ownership of 70% of the Ozango Project, with the other 30% being held by the Angolan State and Nationals.

OZANGO PROJECT – LOCATION (Figure 1)

The Project is located 520 kilometres southeast of Luanda, the capital city of Angola and centred only 70 kilometres to the west of the country’s second largest city of Huambo.

A national highway and revamped railway, that link Huambo with the Atlantic deep water port of Benguela 350 kilometres to the west, both run through the Ozango tenement.

Huambo hosts an international standard airport. Hydro power, fuel, water, general supplies and accommodation are readily available.

The Ozango Project consists of a single Exploration Licence (009/01/07T.P/ANG-MGMI/2011) that covers a huge area of 3,670 square kilometres. The property extends for 100 kilometres in an east-west direction and varies between 28 to 46 kilometres in width. The northeast corner of the property comes to within 17 kilometres of Huambo.

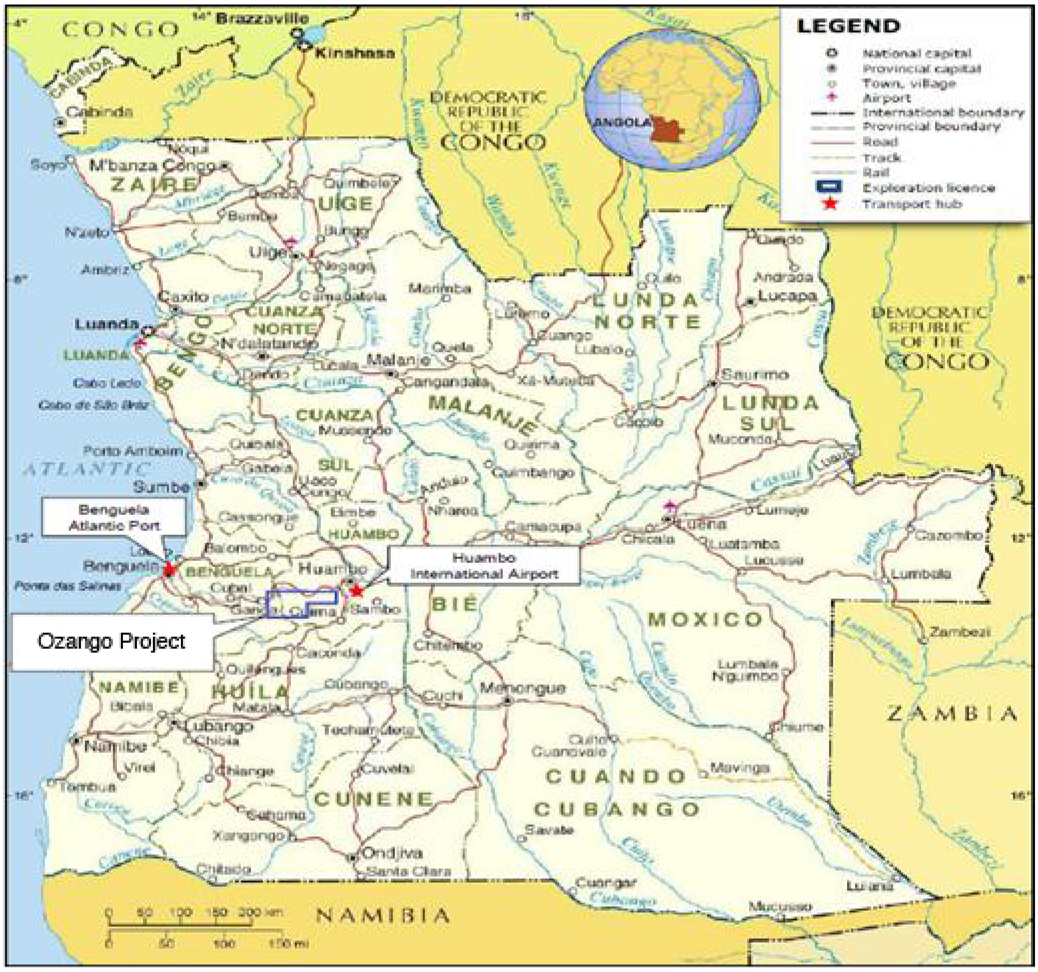


Figure 1: Location of Ozango Project in Angola

OZANGO PROJECT - GEOLOGICAL OVERVIEW

The Ozango Project is situated within the late Archaean to Proterozoic Lucapa Graben, a regional north-east trending 1,300 kilometre structure overlying the Archaean crystalline basement of the Congo Craton and extending across Angola into the Democratic Republic of Congo. The Licence is underlain by Archaean granitic basement and lower Proterozoic metasediments and minor metavolcanics which are cut by upper Proterozoic granites and porphyries. Late stage Mesozoic age intrusives include a number of kimberlites (not known to be diamondiferous) and the Longonjo carbonatite.

Modern exploration commenced on the Licence area in the mid-2000s following cessation of the Angolan civil war in 2002. Exploration programs completed to date have essentially been initial evaluations of the known prospects and essentially limited to surface mapping and rock sampling, soil sampling and some trenching and pitting. Only two shallow drill holes for a combined 89 metres of drilling have been attempted.

Previous exploration within the License has delineated the following three distinct target areas for priority follow up:

- Catabola Copper-Gold target
- Longonjo Rare Earth Elements target; and
- Bongo Gold target.

Sufficient first pass exploration has been completed on the Catabola and Longonjo targets to enable initial drilling programs to be planned but the Bongo target still requires follow up surface prospecting before drilling can be planned.

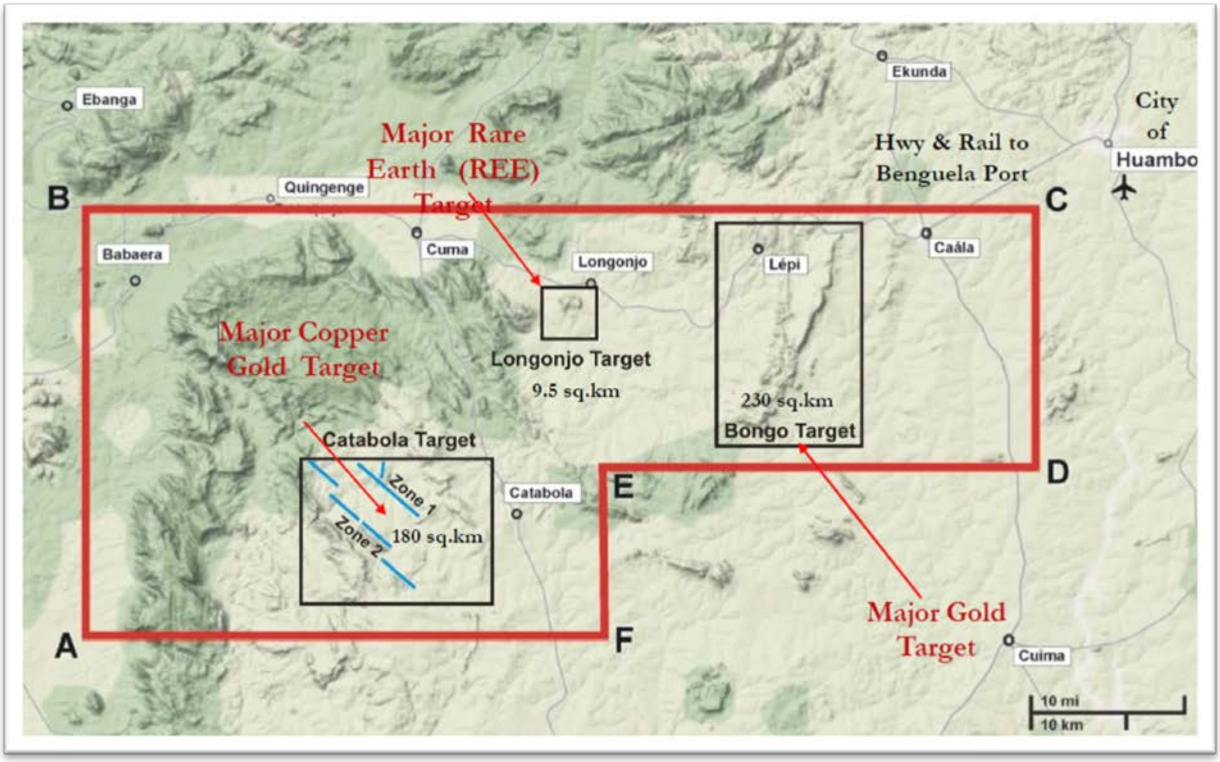


Figure 2: Ozango Project Showing Priority Target Areas

CATABOLA COPPER/GOLD TARGET

The Catabola copper-gold target area comprises an area of approximately 180km^2 with two separately identified mineralized zones both trending northwest to southeast and approximately 5 kilometres apart.

- **Zone 1 – Cassenha Hill Copper-Gold Prospect**: Centred on historic small scale copper mining at Cassenha Hill. An immediate drilling target.
- **Zone 2 – Cambumbula Iron Prospect**: A recently discovered major zone of iron rich altered metasediment with associated weakly anomalous copper-gold values. First pass mapping and sampling required.

Importantly, both mineralized zones appear to have Iron Oxide Copper Gold (IOCG) style affinities, a style of mineralization responsible for major deposits elsewhere in the World.

Cassenha Hill Copper-Gold Prospect

Copper was mined at Cassenha Hill in the 1940s and 1950s with 7 shafts and some 29 adits extending over a length of 1.6 kilometres. The copper mineralization is hosted by siliceous metasediments and occurs in brecciated and gossanous quartz-magnetite-barite veins in a major steeply dipping and strongly altered/weathered shear zone. The zone has been traced by surface mapping and prospecting over a strike length of some 5 kilometres but well may be considerably longer. The separate Caluvi Hill and Cativa prospects located northwest and southeast of the Cassenha Hill zone respectively may well be one and the same giving an approximately 14 kilometre long potential strike length of prospective ground.

The Cassenha Hill shear structure has been described by SRK Consulting (2010) as a broad zone up to 150 metres wide within which individual copper bearing veins, typically 10-30 metres wide and several hundred metres long, occur in an en echelon pattern.

Previous exploration work conducted at the Cassenha Hill prospect includes regional rock chip sampling, soil and stream sediment sampling, surface trenching and underground adit channel sampling. The area around Cassenha Hill has the main focus with numerous adits geologically mapped and channel sampled. Better results from sampling undertaken by Aurum Exploration Services include:

<u>*Adit Channel sampling*</u>

- Adit 2: 84m @ 0.81% Cu (see Figure 3)
  - including 6.4m @ 3.46% Cu and 5m @ 1.83% Cu
- Adit 3: 16m @ 0.75% Cu
  - including 4m @ 1.79% Cu)

- Adit 2: cross cut: 7.5m @ 3.46% Cu and 5m at 1.0 % Cu

Surface Trench Channel Sampling
Better trench sampling results in the area around and above the adits include:

- Trench 4: 10m at 1.1% Cu and 0.25 g/t Au
  - including 3m at 2.2% Cu and 0.09 g/t Au
- Trench 2: 6m @ 0.7% Cu and 0.21 g/t Au

The Cassenha Hill copper mineralisation is associated with minor gold credits but gold content appears to be highly variable – mostly less than 0.2g/t with individual values up to 2.9g/t.

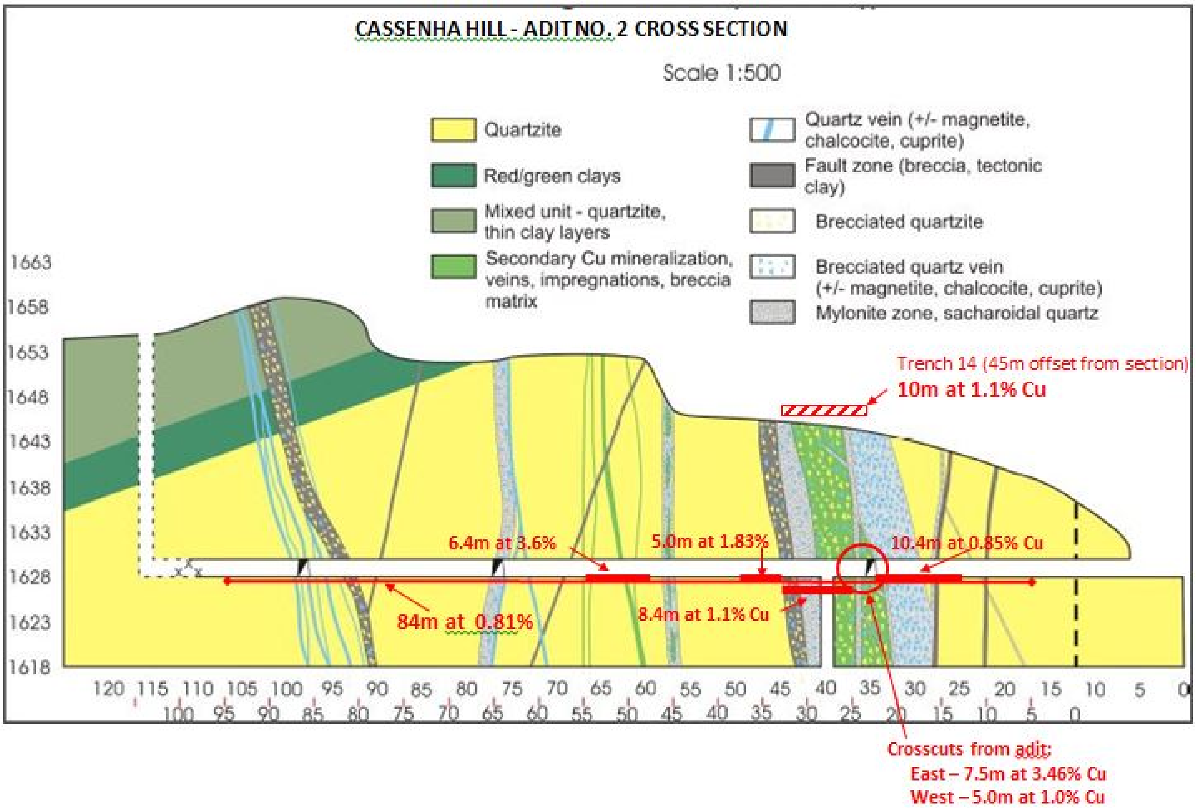


Figure 3: Cassenha Hill Adit No.2 Channel Sampling

Cassenha Hill Planned Exploration Program
In 2007 Aurum Exploration Services, technical consultants to the Ozango Project, planned a 20-hole (2,290 metre) diamond drilling program to test beneath the old Cassenha Hill copper workings. The program was abandoned after only 89 meters of drilling due to corporate reasons. All drill pads had been established and this drilling program could be resurrected at short notice once targeting parameters have been rechecked.

A diamond drilling program has been tentatively scheduled to commence in March 2014.

Cambumbula Iron Prospect

Reconnaissance mapping and prospecting in 2007 discovered a major body of iron rich mineralization approximately 5 kilometres to the southwest of the Cassenha Hill prospect and hosted by quartzite metasediments. The mineralized zone is 500- 800 metres wide and has been traced for 8 kilometres but satellite imagery suggests that it may extend for 20 kilometres. The zone consists of hematite-magnetite and quartzite typically strongly brecciated and altered with an iron content between 10% and 64%; possibly caused by hydrothermal activity associated with iron rich fluids. Some portions of the mineralized zone are gossanous (limonite) after sulphides. Very limited surface sampling (17 surface chip samples taken to date) have not yielded any anomalous copper or gold values.

Systematic exploration of the iron-rich unit and surrounds is proposed to determine whether it is associated with any IOCG mineralization.

LONGONJO RARE EARTH ELEMENTS TARGET

The Longonjo rare earth elements (REE) target is located near the town of Longonjo in the north-central portion of the Project and is approximately 70 kilometres to the west of the city of Huambo. The Huambo to Benguela (deepwater port) railway that has recently been upgraded runs within 2 kilometres of the prospect; rail distance of the deposit to port is approximately 290 kilometres.

REE mineralisation on the prospect is hosted by a carbonatite intrusive which is surrounded by a series of polymitic, carbonate rich breccias. A strong zone of fenitisation alteration occurs around the intrusive which is a classic alteration style for REE deposits. The Longonjo REE deposit has similar geology and characteristics as other noted world class REE projects including Mt Weld in Western Australia (Lynas Corp) and Ngualla in Tanzania (Peak Resources).

Outcrop over the Longonjo carbonatite is sparce but the residual soils are relatively thin enabling effective first pass exploration. Field work completed to date over the carbonatite by Aurum Exploration Services, has included geochemical soil sampling, pitting and trenching programs. This has resulted in:

- the identification of a large +0.5% total rare earth oxide (TREO) soil anomaly covering most of the carbonatite – an area 3.5 by 1.7 kilometres;
- 67 surface outcrop chip samples and 30 pits on the mineralised carbonatite returned values up to 18.9% TREO with an average grade of 2.43% TREO and median grade of 1.71% TREO; and
- Limited trenching returned a best interval of 17 metres @ 3.73%TREO and 19 metres @ 3.54% TREO.

HIGH GRADE RARE EARTH RESULTS AT LONGONJO PROSPECT

The assay results pertaining to the first pass drilling programme initiated at Longonjo in January 2014 and completed during February 2014. The drilling aimed to test the bedrock mineralisation beneath a +0.5% REE soil anomaly some 3.5km long and 1.7km wide.(figure 4) The Rotary Air Blast (RAB) drilling was carried out to blade refusal on a nominal 100m x 100m, staggered grid pattern and has tested an area of approximately 600m x 500m. Drilling encountered significant rare earth mineralisation - in every hole (Table 1). Mineralisation remains open in every direction and at depth. A drill hole location plan illustrating the significant intersections is presented below.

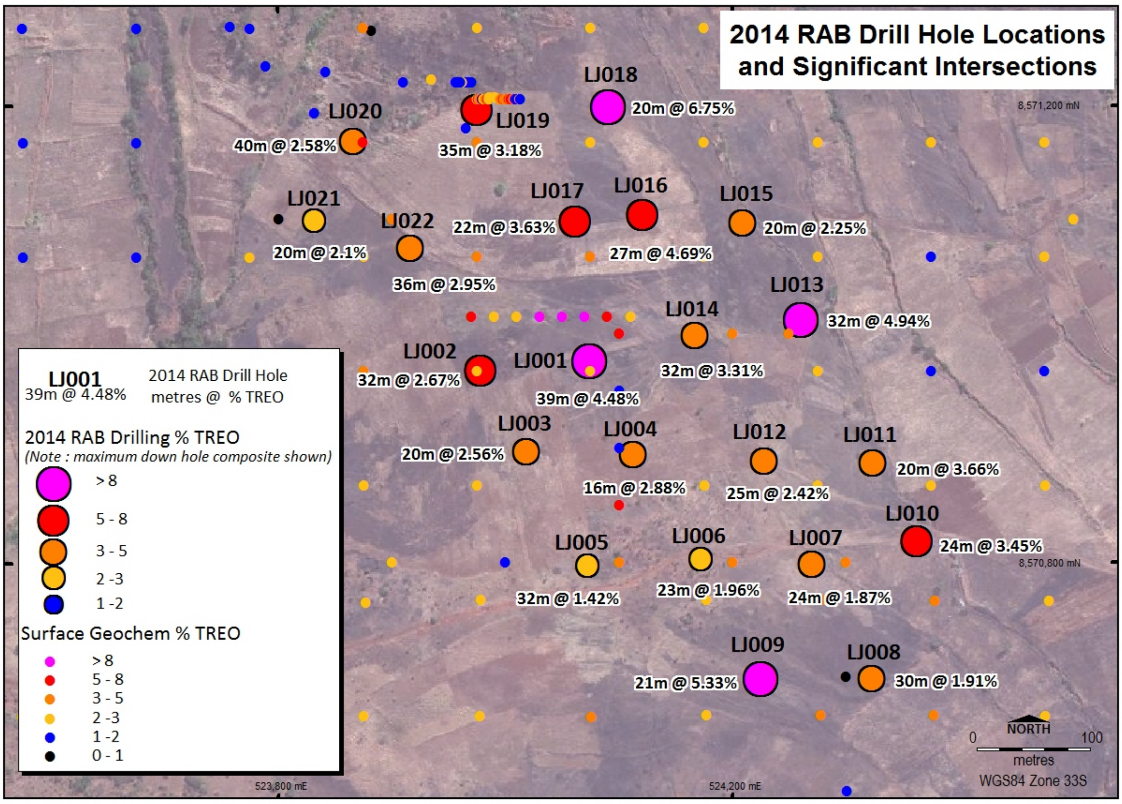


Figure 4: Longonjo RAB drill hole location plan

Assay results relate to four metre composite samples compiled on site and submitted to Intertek (Walvis Bay - Namibia) for sample preparation with the resulting pulps sent to Genalysis (Perth - Australia) where analysis was carried out by way of fusion with an ICP-MS finish. The highest TREO composite result returned was 11.32%.

Metallurgical Test Work

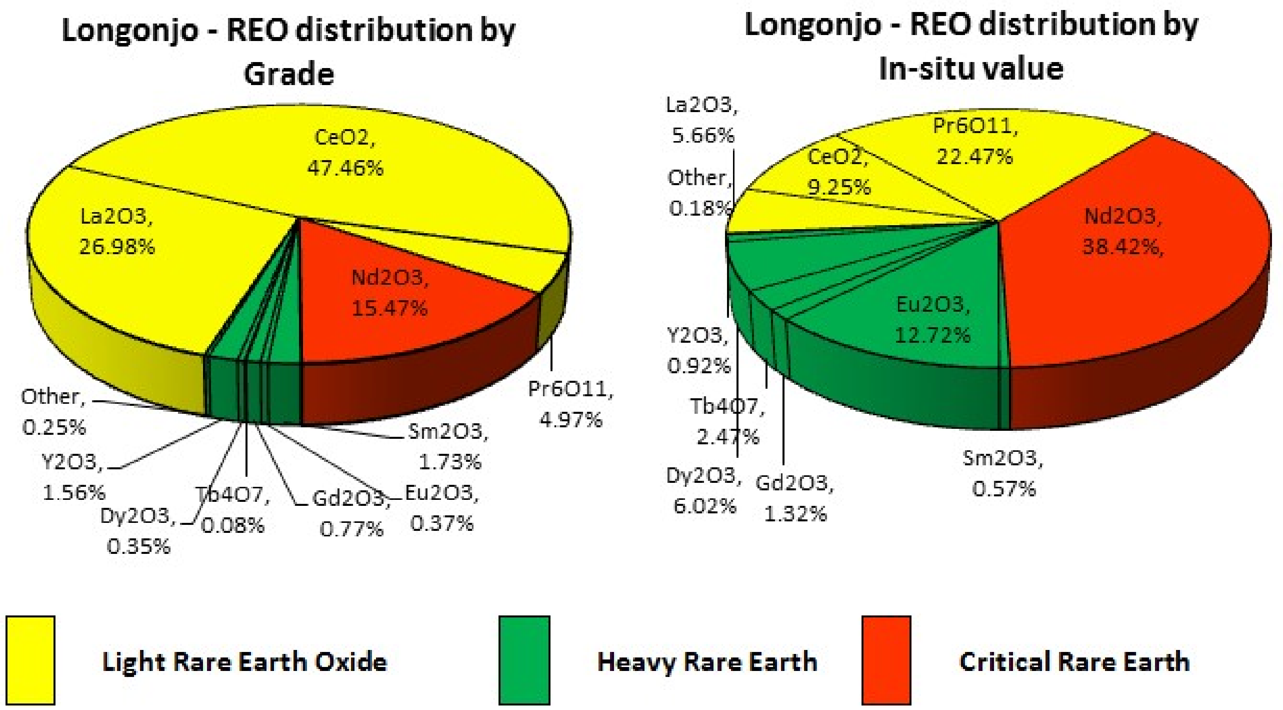
First pass exploratory drilling conducted at the Company's Longonjo prospect in February tested a robust geochemical anomaly and returned high grade rare earth assays, as total rare earth oxides (TREO), from every hole. From a total of 168 composite samples generated during the campaign, the highest grade returned was 11.32%, the lowest 0.45%, with an average of 2.96% TREO over all the samples. The distribution of the major rare earths for the average of the assay results is tabulated below:

	La2O3 %	CeO2 %	Pr6O11 %	Nd2O3 %	Sm2O3 %	Gd2O3 %	Y2O3 %	Other %	TREO %
RVY drill campaign	0.78	1.38	0.14	0.45	0.05	0.02	0.05	0.03	2.96

The distribution of the average rare earth oxide values from the drilling campaign compares quite closely with Peak Resources' published Total Ore Reserve distribution as per below:

	La2O3 %	CeO2 %	Pr6O11 %	Nd2O3 %	Sm2O3 %	Gd2O3 %	Y2O3 %	Other %	TOTAL %
RVY Drill Campaign	27	47	5	15	2	1	2	1	100
Peak Ore Resource	27	48	5	17	2	1	0	0	100

Of note is that the heavy rare earth oxide (HREO) distribution (Gd2O3, Y2O and "Other") is 4% as opposed to Peak's 1%. The REO distributions at Longonjo by grade and value are presented in the following charts.



NB:Other REE's comprises Ho2O3, Er2O3, Tm2O3, YB2O3 and Lu2O3

Distribution does not take into account mining and processing recoveries.

Light rare earths (La - Sm), heavy rare earths (Eu - Lu) and critical (Nd)

Prices sourced from Metal Pages (01.05.14)

Critical metals defined by US Department of Energy Critical Materials Strategy 2010

During the period, an initial metallurgical characterisation programme was initiated on samples from the Company's Longonjo rare earth prospect aimed at better understanding the host mineralogy in order to appropriately focus future exploration efforts. The programme aimed to:

1. Identify if there is a natural size versus grade concentration that may aid ore beneficiation.
2. Assess if magnetics may be used for the upgrading rare earth minerals.
3. Investigate the potential for gravity separation.
4. Conduct a mineralogy assessment.

Size characterisations revealed that the distribution of the rare earth and gangue components closely followed mass yield and that there appears to be no advantage in screening fractions to increase grades. Magnetic separation returned a minor, but quantifiable, upgrade of rare earths as did gravity separation testwork.

The mineralogy report identified synchesite as the major rare earth host mineral. Synchesite is a common rare earth host mineral that is anomalously enriched in heavy rare earths.

The work to date suggests that the Longonjo material is most likely suited to physical upgrading via flotation. As such, a programme is planned to collect sufficient material for quantitative mineralogy (QEMSCAN) as well as leaching and flotation test work.

BONGO GOLD TARGET

First pass reconnaissance geological mapping and concentrate panning has been undertaken by Aurum Exploration Services in the largely unexplored eastern third of the Ozango Project, known as the Bongo target area. This has defined a 10 kilometre long fault structure on a contact between metasediments and granite that is shedding visible gold into drainages. Historically identified tungsten occurrences also appear to be associated with the fault structure.

Bongo Planned Exploration Program

An infill drainage sampling program will be planned to help focus the source of gold shedding out of the postulated fault structure. This will be followed by reconnaissance mapping and prospecting to identify sources of the gold mineralization. Whilst not an immediate priority, this program should be able to be completed relatively quickly, in concert with the aforementioned drilling campaigns.

Miyabi Project, Tanzania (Rift Valley 50%, Right to Earn 75%)

The Company has signed a non-binding term sheet with our current J/V partner on the Miyabi Project to acquire their 50% of the Miyabi Project thereby giving Rift Valley 100%. On completion of the documentation all terms and conditions will be released, subject to the Tanzanian Revenue Authority approval.

MIYABI PROJECT REVIEW

The Miyabi Gold Project is located approximately 200 kilometres southwest of the city of Mwanza in the Lake Victoria Goldfields of western Tanzania (Figure 1). The Project currently has a JORC Code compliant resource of 520,000 ounces of gold with excellent potential to expand this resource through further exploration.

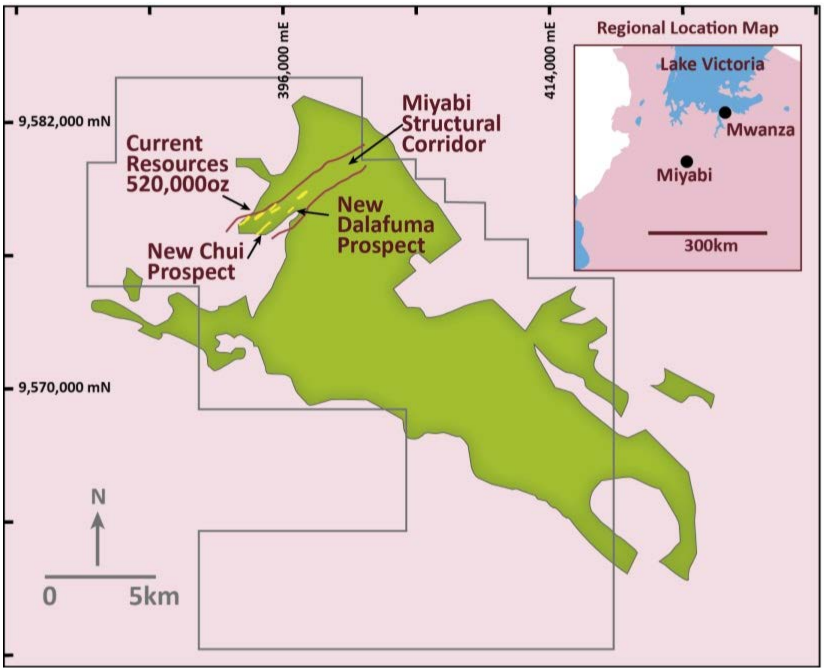


Figure 1: Miyabi Project location plan showing Miyabi greenstone belt

The Miyabi property comprises a single coherent block of Prospecting Licences and Prospecting Licence Applications totalling 395 square kilometres in area that covers the bulk of the Miyabi greenstone belt. In 1999, Twigg Gold Limited discovered a previously unknown occurrence of gold mineralisation under shallow soil cover in the northwest portion of the greenstone belt. Subsequent exploration has now defined widespread gold mineralisation.

Miyabi Regional Geological Setting

The Miyabi greenstone belt is a 26 kilometre long by 5 to 12 kilometre wide area of soil and laterite covered greenstone metasediments surrounded by granitoid rocks. Structurally, the belt is considered to represent a hinge zone between the Siga Hills and Nzega greenstone belts, potentially a very significant structure for hosting gold mineralisation. Both these greenstone belts contain multi-million ounce gold deposits with Resolute's Golden Pride deposit (2.7 million ounces) in the Nzega belt to the east and Barrack's Golden Ridge deposit (2.2 million ounces) and Resolute's Nykafuru deposit in the Siga Hills belt to the northeast.

Miyabi Gold Mineralisation

Outcrop in the Miyabi greenstone belt is very poor with widespread soil cover which probably accounts for the lack of historic gold discoveries. Prior to 2000, no drilling appears to have been undertaken in the belt. However, the laterite duricrust and associated relatively shallow and mostly residual soil cover present an ideal medium for geochemical sampling. Nearly all of the gold deposits and gold prospects discovered/delineated to date at Miyabi are located in the northwest portion of the greenstone belt. They are associated with gold-in-soil anomalies that occur within a major northeast to southwest trending 7.7 kilometres long by 800 to 1,000 metres wide corridor that has been named the Miyabi Structural Corridor (MSC); see Figure 2. Gold mineralisation occurs within a series of steeply dipping shear zones which form an en echelon pattern within the MSC. Individual gold zones are typically 400 to 650 metres long and from 5 to to 60 metres in width.

The gold mineralisation is hosted by sheared, silicified and sulphide bearing mafic schists of probable meta-sedimentary origin. The auriferous shear zones are typically weathered to depths of 40 to 60 metres but mineralisation extends almost to surface with only a thin veneer of soil cover.

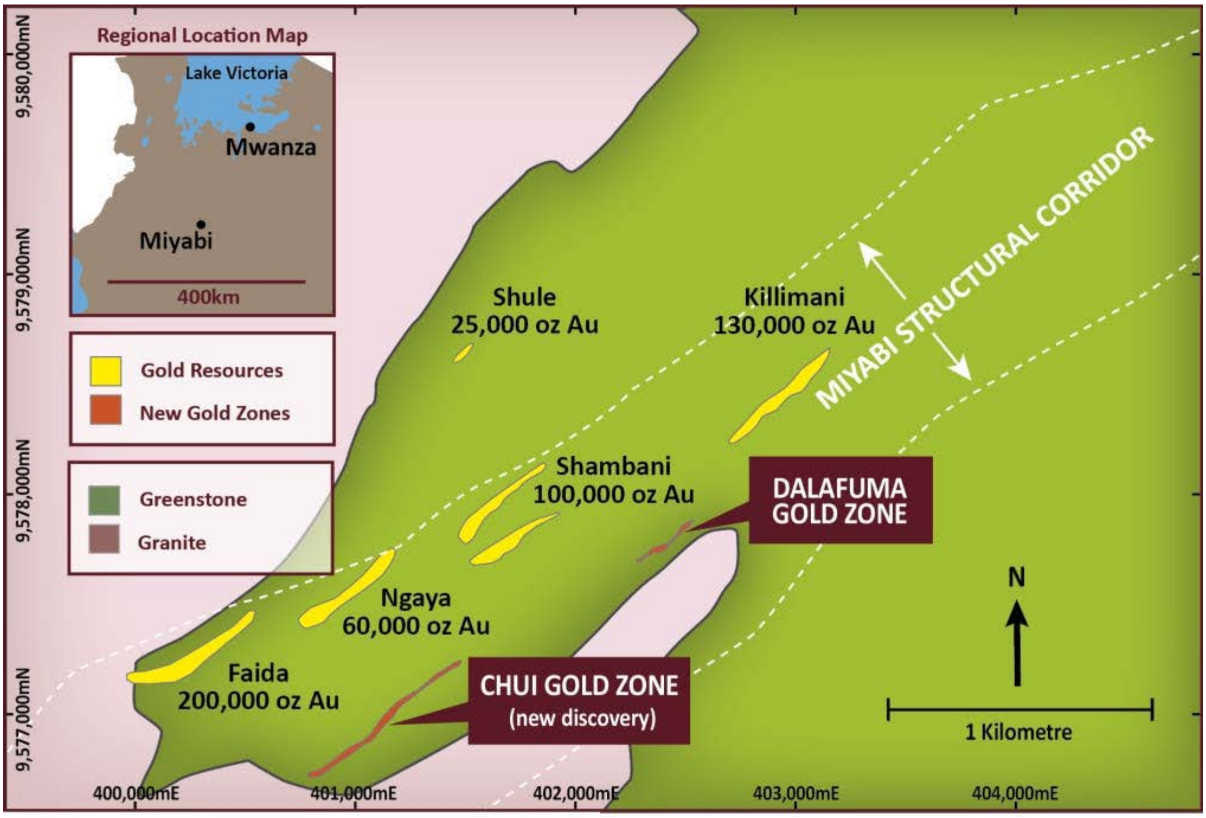


Figure 2: Miyabi Structural Corridor showing resources and new gold zones

Summary of Miyabi Drilling

Drilling at Miyabi has been focused on the south western half of the MSC which hosts the existing resources and the north eastern half of the MSC remains considerably under explored. Outside of the MSC on the remainder of the Miyabi greenstone belt very exploration, including drilling, has been conducted.

A summary of drilling completed on the Miyabi Project in various phases in the period 2000 to 2012 follows:

Drilling Type	No. of Holes	Metres Drilled
RAB	897	21,578
Air Core	359	10,573
RC Percussion	395	35,482
Diamond	51	9,432
Total	1,702	77,065

Drilling outside the MSC on the remainder of the Miyabi greenstone belt is included in this total but accounts for only 99 RAB holes.

Miyabi Gold Resource

The Miyabi property has a total gold Mineral Resource, contained in five separate gold deposits, of 12.4 million tonnes at 1.3g/t gold. This resource contains 520,000 ounces of gold at a 0.5g/t gold cut-off grade which comprises 370,000 ounces of Indicated Mineral Resources and 150,000 ounces of Inferred Mineral Resources. The resource is based on 265 RC percussion and 30 diamond drill holes. The JORC Code (2004) compliant resource estimation was conducted by independent group SRK Consulting in 2006.

Most significant deposits are:

Deposit	Contained Ounces of Gold	Strike Length (m)
Faida (x1 zone)	197,000	650
Kilimani (x1 zone)	132,000	600
Ngaya (x1 zone)	57,000	500
Shambani (x3 zones)	104,000	400

All four of these deposits are located in a 3.5 kilometre length in the south western half of the MSC. The fifth resource, Schule, is located on the greenstone-granite contact immediately to the north of the MSC and is smallest with less than 50,000 ounces of contained gold.

New Miyabi Prospects

Drilling conducted by Rift Valley in 2012 defined two new zones of gold mineralisation in the MSC with high grade gold values intersected in each. The new Dalafuma and Chui mineralised zones are of similar style to the existing resources but require additional drilling before initial resources can be estimated.

1) Dalafuma Gold Zone

38 RC holes for a total of 3,813 metres have now been completed on the new Dalafuma gold zone on nominal 50 metre spaced sections. The drilling has defined a 300 metre long zone of continuous gold mineralization with several very significant high grade and relatively wide gold intersections (Figure 3).

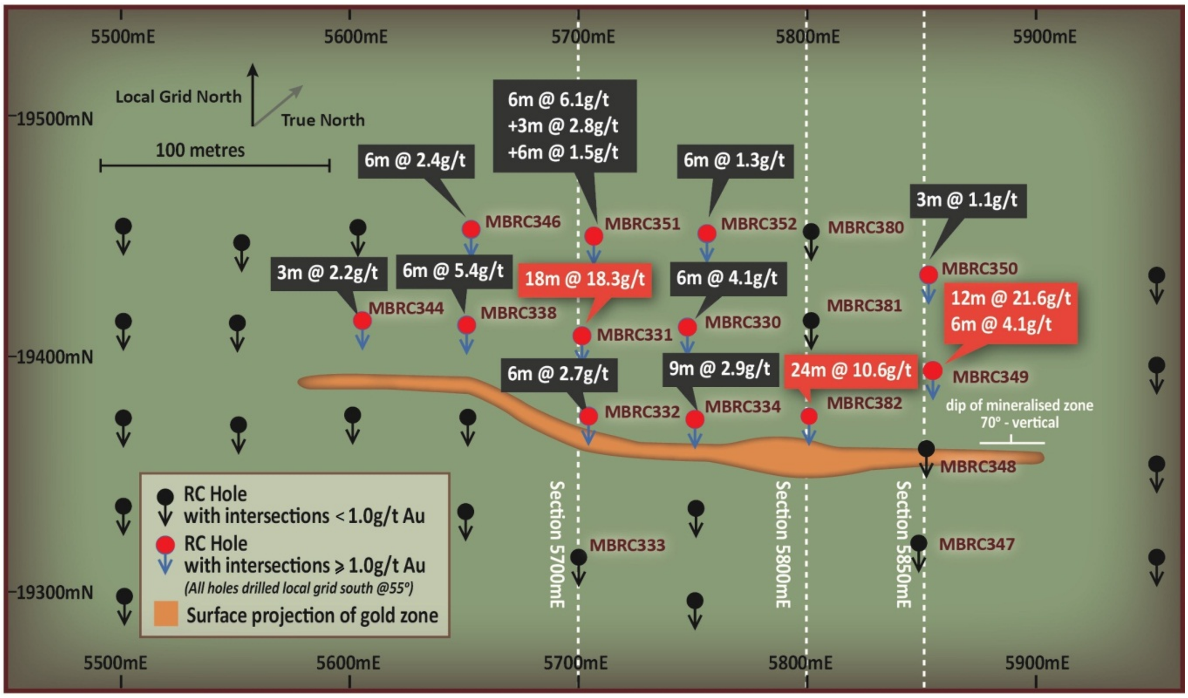


Figure 3: Dalafuma Gold Zone showing RC Drill hole locations and gold intersections ≥ 1 g/t

Best Dalafuma gold intersections at a 1.0g/t gold cut-off are:

Hole MBRC331	18m @ 18.3g/t Au from 45m depth (including 6m @ 39.9g/t Au from 48m depth);
Hole MBRC349	12m @ 21.6g/t Au from 66m depth (including 9m @ 28.4g/t Au from 69m) 6m@ 4.1g/t Au from 99m; and
Hole MBRC382	24m @ 10.6g/t Au from 21m depth (including 18m @ 13.5g/t Au from 24m).

2) Chui Gold Zone

The new Chui gold zone is located approximately 1 kilometre along strike to the southwest from the Dalafuma gold zone and some 300 to 500 metres to the south of the known gold resources.

Seven traverses of Aircore drilling (56 holes) and four traverses of RC drilling (10 holes) on 100 metre and 200 metre spaced sections have defined a new zone of gold mineralisation which extends in a northeast to southwest direction for some 900 metres. The mineralisation appears structurally complex and may not be continuous over this full length.

Better RC drill hole intersections, which are 400 metres apart include:

- Hole MBRC378 11m @ 23.0g/t Au from 54m depth
- (including 5m @ 47.8g/t Au from 60m)
- Hole MBRC363 3m @ 1.1g/t Au from 27m depth; and
- 6m @ 2.1g/t Au from 33m depth.

<u>Miyabi Exploration Potential</u>

The Miyabi Project is considered to have excellent potential for further exploration to significantly increase gold resources to the level required to justify a mining operation and onsite processing plant. Positive factors include:

- Immediate strike extensions of the known resources within the MSC have not been adequately drilled.
- Infill soil sampling of the MSC was undertaken in late 2012. The existing sample pattern was increased from 100 x 100m spacing to 100 x 50m spacing with the collection of approximately 1,400 additional samples. This has highlighted further drill targets.
- A considerable portion of the pre-2001 RAB drilling on the MSC, approximately 50% of the RAB drilling on the zone, has been only partially effective. The shallow vertical holes at 100 metre spacings are not considered an optimum drilling pattern for the relatively narrow and steeply dipping target mineralised zones. Consequently some existing gold-in-soil anomalies have not been properly tested.
- Structural controls on the known gold mineralisation in the MSC are presently poorly understood. A comprehensive relogging program of drill holes in the MSC and mapping of artisanal gold workings was undertaken in the second half of 2012 but results are yet to be assessed and remodelled. Remodelling of this information is likely to define new drill targets.

- The bulk of the Miyabi property has been poorly explored outside the MSC. In particular, existing 400 x 400m soil sampling is considered inadequate and a major program of 100 x 100 metre spaced sampling is recommended. Additionally, no systematic geological mapping or prospecting has been undertaken away from the MSC. The proposed infill soil sampling and mapping/prospecting program can be conducted relatively cheaply and quickly and will hopefully lead to the identification of new drill targets.

Kitongo Project, Tanzania (Rift Valley 100%)

After long and protracted negotiations with the Tanzania Government and illegal miners, a solution has been found for all parties to move forward in a peaceful and legal manner. The resolution means that Rift Valley will have:

- Full access to the property, including exploration activities.
- Rift Valley will be issued with new prospecting licenses granted replacing the existing Retention licenses.
- All artisanal miners have been removed from the property.
- Full co-operation from the Regional commissioner.

An established process to resolve any future issues with artisanal miners.

Miclere Project, Queensland (Rift Valley 0%)

Plenty Gold Pty Ltd on 19th of December 2013 exercised its option to purchase the Miclere Project based in Queensland. The balance of the purchase price, the total of which was $395,000, was paid upon exercise of the Option.

Significant Changes in the State of Affairs

Other than the above there was no significant change in the state of affairs of the Consolidated Entity during the financial year.

Subsequent Events
There have been no significant events occurring subsequent to 30 June 2014.

Future Developments

The Directors intend to continue to explore and develop the Company's key existing projects.

Health and Safety Policy
The Company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

Environmental Regulations

Tanzania

The Company's exploration and evaluation activities on its tenements are subject to Tanzanian laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by Tanzanian laws and regulations.

Angola

The Company's exploration and evaluation activities on its tenements are subject to Angolan laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by Angolan laws and regulations.

COMPETENT PERSON STATEMENT

We advise in accordance with Australian Stock Exchange Limited Listing Rules 5(6) that the exploration results contained within this report is based on information compiled by Mr Greg Cunnold who is a member of the Australian

Institute of Mining and Metallurgy. Mr Cunnold is a consultant of Rift Valley Resources Ltd and has consented in writing to the inclusion in this ASX Release of matter based on the information so compiled by him in the form and context in which it appears. Mr Cunnold has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to be qualified as a Competent Person as defined by the 2012 Edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

All information relating to Mineral Resources was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.

Dividends

No dividends have been paid or proposed since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Rift Valley Resources Ltd	10,000,000	Ordinary Shares	10 cents	4 October 2014
Rift Valley Resources Ltd	5,000,000	Ordinary Shares	27 cents	18 March 2015
Rift Valley Resources Ltd	2,500,000	Ordinary Shares	27 cents	31 May 2015

The holders of these options do not have the right, by virtue of the option, to participate in any share issue. Each option is unlisted and convertible to one ordinary share.

Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred by an officer.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' Meetings

The following table sets out the number of Directors' meetings and committee meetings held during the financial year and the number of meetings attended by each Director while they were a Director:

Directors	Board meetings	
	Held	Attended
G Gilmour (appointed 30 November 2009)	7	7
G Cunnold (appointed 10 February 2014)	3	3
G Clatworthy (appointed 10 February 2014)	3	3
W Gilmour (resigned 10 February 2014)	4	4
K McKay (resigned 10 February 2014)	4	4

Directors' Interests in the Company

The following table sets out each Director's relevant interest in fully paid ordinary shares and options in the Company at the date of this report.

Directors	Fully paid ordinary shares	Share options	Performance Rights
G Gilmour	11,501,537	5,000,000	3,000,000
G Cunnold	11,336,000	Nil	Nil
G Clatworthy	8,600,000	5,000,000	Nil

Remuneration Report (Audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel (KMPs) of the Group are identified as those persons having the authority and responsibility for planning, directing and controlling major activities of the Company and the Group, directly or indirectly. A non-executive chairman would not be a KMP unless they fall within the above definition. The prescribed details for each person covered by this remuneration report are detailed below under the following headings:

A. Key management personnel and relevant Group executives' details
B. Remuneration policy for key management personnel
C. Relationship between remuneration policy and Company performance
D. Remuneration of the key management personnel and relevant Group executives
E. Key terms of employment contracts

A. Key Management Personnel and Relevant Group Executives' Details

The following persons have been identified as acting as key management personnel and/or relevant Group executives of the Company and the Consolidated Entity during the financial year:

- G Gilmour (Executive Director) appointed 30 November 2009;
- G Cunnold (Technical Director) appointed 10 February 2014;
- G Clatworthy (Non-executive Dirctor) appointed 10 February 2014;
- W Gilmour (Executive Chairman) resigned 10 February 2014;
- K McKay (Non-Executive Director) resigned 10 February 2014;
- S Mison (Company Secretary) appointed 27 September 2013;
- L Tomlinson (Company Secretary) resigned 27 September 2013.

B. Remuneration Policy for Key Management Personnel

The Board is responsible for determining and reviewing compensation arrangements for key management personnel. The Company may issue options or performance rights subject to shareholder approval, where required, as determined by the Board.

Executive Remuneration
To achieve its objectives of discovery of economic resources in a cost effective manner, the Company aims to attract and retain a senior management team focused upon contributing to that objective. The Board has established a principle of offering competitive remuneration packages. There are no guaranteed pay increases included in the senior executives' contracts and the executives are not entitled to any retirement benefits other than those provided under the superannuation guarantee legislation.

Non-Executive Directors
Non-Executive Directors' fees are reviewed on a regular basis against industry benchmarks. Other than compulsory payments made under the superannuation guarantee legislation or salary sacrifice agreements, there are no retirement benefits provided to Non-Executive Directors. Director's fees are currently set at $50,000 per annum plus superannuation. The approved aggregate limit of fees that may be paid to Non-Executive Directors is $400,000 per annum.

C. Relationship Between Remuneration Policy and Company Performance

The Key Management Personnel and relevant Group executives' remuneration do not comprise of elements that are related to performance. The performance of the Company in the mining industry will be dependent upon the Company meeting the following corporate objectives:

- conducting successful exploration;
- seeking long term cash flow profitability through production or sale; and
- actively pursuing acquisition opportunities to enhance the Company's exploration discovery capacity.

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholders wealth for the five years to 30 June 2014:

Description	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Income	$84,501	$185,897	$128,678	$128,076	$53,964
Net loss before tax	$1,129,479	$4,271,472	$1,749,094	$2,340,589	$2,775,542
Net loss after tax	$1, 129,479	$4,271,472	$1,749,094	$2,340,589	$2,775,542
Share price at start of	2.2 cents	10 cents	14 cents	8 cents	2.8 cents
Share price at end of year	1.8 cents	2.2 cents	10 cents	14 cents	8 cents
Market capitalisation	$5.9m	$6.3m	$28.7m	$25.5m	$9.8m
Basic loss per share	0.24 cents per share	1.76 cents per share	0.96 cents per share	1.49 cents per share	2.89 cents per share
Diluted loss per share	0.24 cents per share	1.76 cents per share	0.96 cents per share	1.49 cents per share	2.89 cents per share

D. Remuneration of the Key Management Personnel and Relevant Group Executives

The following tables provide information about the remuneration of the Consolidated Entity's key management personnel and relevant Group executives for the current and previous financial year:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		% of remuneration performance related
	Salary & fees	Bonus	Non-monetary	Other (viii)	Super-annuation		Options & rights	Total	
2014	$	$	$	$	$	$	$	$	%
Non-Executive Directors									
G Clatworthy (i)	16,667	-	-	9,153	2,388	-	-	28,208	-
K McKay (ii)	26,697	-	-	-	2,469	-	-	29,166	-
Executive Directors									
G Gilmour	47,178	-	-	180,000	4,364	-	20,433	251,974	-
G Cunnold (iii)	16,667	-	-	27,460	4,082	-	-	48,209	-
W Gilmour (iv)	29,167	-	-	35,000	-	-	-	64,167	-
M McKevitt (v)	137,500	-	-	-	-	-	-	137,500	-
Executives									
S Mison (vi)	63,000	-	-	-	-	-	5,108	68,108	-
L Tomlinson (vii)	43,281	-	-	-	-	-	-	43,281	-

(i) Appointed 10 February 2014.
(ii) Resigned 10 February 2014.
(iii) Appointed 10 February 2014.
(iv) Resigned 10 February 2014.
(v) Appointed 20 June 2012; resigned 15 March 2013; includes an employment termination payment of $137,500.
(vi) Appointed 27 September 2013.
(vii) Resigned 27 September 2013.
(viii) Other benefits relate to consulting and other services provided.

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		% of remuneration performance related
	Salary & fees	Bonus	Non-monetary	Other (v)	Super-annuation		Options & rights	Total	
2013	$	$	$	$	$	$	$	$	%
Non-Executive Directors									
K McKay	34,404	-	-	81,984	22,975	-	-	139,363	-
G Kagaruki (i)	-	-	-	37,500	-	-	-	37,500	-
Executive Directors									
W Gilmour (ii)	4,167	-	-	25,000	-	-	-	29,167	-
G Gilmour	45,872	-	-	180,000	4,128	-	-	230,000	-
M McKevitt (iii)	265,870	-	-	-	16,157	-	-	282,027	-
Executives									
L Tomlinson (iv)	113,844	-	-	-	9,654	-	-	123,498	-

(i) Appointed 20 June 2012; resigned 4 April 2013.
(ii) Appointed 4 June 2013.
(iii) Appointed 20 June 2012; resigned 15 March 2013; includes an employment termination payment of $45,833.
(iv) Appointed 10 December 2012.
(v) Other benefits relate to consulting and other services provided.

Share-based Payments

30 June 2014

Performance Rights

During the 2014 financial year, the Rift Valley Resources Performance Rights Plans was approved by shareholders and the following performance rights were issued to directors and key management personnel:

Director / KMP	Number of Rights	Vesting Conditions	Grant date	Expiry date	Vesting date
Geoff Gilmour	3,000,000	12 months service	10 March 2014	31 Dec 2014	31 Dec 2014
Scott Mison	750,000	12 months service	10 March 2014	31 Dec 2014	31 Dec 2014

The fair value of performance rights granted to directors and KMP is estimated as at the grant date using the share price on the date of granting..

The following table lists the inputs to the models for the year ended 30 June 2014:

	Performance Rights
Grant date	10 March 2014
Number of performance rights	3,750,000
Share price	1.8 cents
Exercise price	0 cents
Weighted average fair value	1.8 cents
Total amount	$67,500
Expensed to 30 June 2014	$25,541

Shareholdings of KMP

Fully paid ordinary shares of Rift Valley Resources Limited held directly or indirectly by KMP are as follows:

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No. (vi)
2014					
G Gilmour	7,793,192	-	-	3,708,345	11,501,537
G Clatworthy (i)	7,000,000	-	-	1,085,000	8,085,000
G Cunnold (i)	11,336,000	-	-	-	11,336,000
W Gilmour (ii)	17,805,857	-	-	-	17,805,857
K McKay	1,250,000	-	-	-	1,250,000

Option holdings of KMP:

Name	Balance at 1 July No.	Granted Compen-sation No.	Issued as part of Merger No.	Net other change No.	Bal at 30 June (beneficial interest) No.	Bal vested at 30 June No.	Vested but not exercis-esable No.	Vested and exercisabl e No. (vi)	Options vested during year No.
2014									
G Gilmour	5,000,000	-	-	-	5,000,000	5,000,000	-	5,000,000	-
G Clatworthy (i)	5,000,000	-	-	-	5,000,000	5,000,000	-	5,000,000	-
G Cunnold (i)	-	-	-	-	-	-	-	-	-
W Gilmour (ii)	8,000,000	-	-	(8,000,000)	-	-	-	-	-
K McKay	-	-	-	-	-	-	-	-	-

(i) Mr Clatworthy and Mr Cunnold we appointed on 10 February 2014.
(ii) Warren Gilmour was appointed on 4 June 2013 and resigned on 10 February 2014.

During the 2014 financial year there were no options issued as share based payments to directors and key management personnel.

During the 2014 year the following options lapsed:

Director	Number of Options	Exercise Price	Grant date	Expiry date	Vesting date	Fair value at Grant date
K McKay	625,000	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
D Murcia	2,187,500	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
M McKevitt	1,250,000	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
G Kagaruki	937,500	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
K McKay	625,000	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016
D Murcia	2,187,500	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016
M McKevitt	1,250,000	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016
G Kagaruki	937,500	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016
W Gilmour	8,000,000	10c	23 Mar 2010	22 Mar 2014	Date of grant	$0.0497

KMP / Other	Number of Options	Exercise Price	Grant date	Expiry date	Vesting date	Fair value at Grant date
R Caren	468,750	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
Others	1,875,000	20c	28 Jun 2012	15 Feb 2014	Date of grant	$0.021
R Caren	468,750	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016
Others	1,875,000	25c	28 Jun 2012	15 Feb 2014	Date of grant	$0.016

30 June 2013

Options

During the 2013 financial year there were no options issued as share based payments to directors and key management personnel.

During the year the following options lapsed:

Director	Number of Options	Exercise Price	Grant date	Expiry date	Vesting date	Fair value at Grant date
J Park	600,000	30c	24 May 2007	24 Sep 2012	Date of grant	$0.096
G Checketts	600,000	30c	24 May 2007	24 Sep 2012	Date of grant	$0.096
A Gates	600,000	30c	24 May 2007	24 Sep 2012	Date of grant	$0.096
R Skrzecynski	600,000	30c	24 May 2007	24 Sep 2012	Date of grant	$0.096

KMP	Number of Options	Exercise Price	Grant date	Expiry date	Vesting date	Fair value at Grant date
G Gill	150,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
P Nicolson	300,000	30c	24 May 2007	24 Sep 2012	24 May 2008	$0.107

E. Key Terms of Employment Contracts

Contracts for services of key management personnel and relevant executives
Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature.

The termination provisions are as follows:

	Notice period	Payment in lieu of notice
Employer - initiated termination without reason	3 months	3 months
Termination for serious misconduct	None	None
Employee – initiated termination	3 months	3 months

Non-Executive Directors

The Company's Constitution provides that the Directors may be paid out of Company funds, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. The sum of Directors' remuneration may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Non-audit services

During the year the following non-audit services were provided by the Company's auditor. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Services	Amount	
	2014	**2013**
Taxation	Nil	$5,275

Auditor's independence declaration

The auditor's independence declaration is included on page 28 of the Annual Report.

Signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors,

Mr Geoffrey Gilmour
Managing Director
Perth, 30 September 2014

Ernst & Young
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Perth WA 6000 Australia
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Auditor's Independence Declaration to the Directors of Rift Valley Resources Limited

In relation to our audit of the financial report of Rift Valley Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R J Curtin
Partner
Perth
30 September 2014

Ernst & Young
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Independent auditor's report to the members of Rift Valley Resources Limited

Report on the financial report

We have audited the accompanying financial report of Rift Valley Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

a. the financial report of Rift Valley Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Rift Valley Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R J Curtin
Partner
Perth
30 September 2014

Directors' declaration

In accordance with a resolution of the directors of Rift Valley Resources Ltd, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

- ii. complying with Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

On behalf of the Directors,

Mr Geoffrey Gilmour
Managing Director
Perth, 30 September 2014

Consolidated Statement of Comprehensive Income for the year ended 30 June 2014

	Note	Year ended 30 Jun 2014 A$	Year ended 30 Jun 2013 A$
Interest revenue		84,501	185,897
Exploration expenses		(57,782)	(639,715)
Administration expenses		(302,008)	(714,656)
Corporate expenses		(780,681)	(588,479)
Impairment loss on exploration tenements	14	-	(3,133,831)
Impairment on available for sale financial assets		(63,750)	-
Net loss on available for sale assets	11	(21,000)	-
Marketing expenses		(12,100)	(90,962)
Gain / (Loss) on disposal of assets		31,091	(111,488)
Foreign currency exchange gain (loss)		(7,750)	821,762
Loss from operations before finance costs		**(1,129,479)**	**(4,271,472)**
Finance costs		-	-
Loss before income tax		**(1,129,479)**	**(4,271,472)**
Income tax benefit		-	-
Total loss for the period		**(1,129,479)**	**(4,271,472)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		391,160	-
Net loss on available-for-sale assets		-	(775,062)
Total comprehensive loss for the period		**(738,319)**	**(5,046,534)**
Net loss for the period is attributable to:			
Owners of Rift Valley Resources Limited		**(738,319)**	**(5,046,534)**
Total comprehensive loss is attributable to:			
Owners of Rift Valley Resources Limited		**(738,319)**	**(5,046,534)**
Loss per share attributable to owners of Rift Valley Resources Ltd:			
Basic (cents per share)	20	(0.24)	(1.76)
Diluted (cents per share)	20	(0.24)	(1.76)

Notes to the financial statements are included on pages 36 to 65.

Consolidated Statement of Financial Position as at 30 June 2014

	Note	30 Jun 2014 A$	30 Jun 2013 A$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,141,626	3,507,063
Trade and other receivables	10	276,732	425,420
Prepayments		23,649	38,763
		2,442,007	3,971,246
Current assets classified as held for sale			
Available-for-sale financial assets	11 (a)	29,531	93,281
Exploration and evaluation expenditure	11 (b)	-	395,000
		29,531	488,281
TOTAL CURRENT ASSETS		2,471,538	4,459,527
NON-CURRENT ASSETS			
Property, plant and equipment	13	85,058	228,604
Exploration and evaluation expenditure	14	9,771,422	6,822,379
TOTAL NON-CURRENT ASSETS		9,856,480	7,050,983
TOTAL ASSETS		**12,328,018**	**11,510,510**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	197,993	195,918
Provisions	16	-	21,789
TOTAL CURRENT LIABILITIES		197,993	217,707
TOTAL LIABILITIES		**197,993**	**217,707**
NET ASSETS		**12,130,025**	**11,292,803**
EQUITY			
Issued capital	17	31,279,387	29,729,387
Reserves	18	2,073,375	1,656,674
Accumulated losses	19	(21,222,737)	(20,093,258)
TOTAL EQUITY		**12,130,025**	**11,292,803**

Notes to the financial statements are included on pages 36 to 65.

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2014

	Fully paid ordinary shares	Accumulated Losses	Foreign Currency Reserve	Share Option Reserve	Total
	A$	A$	A$	A$	A$
Balance at 1 July 2012	29,711,148	(15,046,724)	4,554	2,456,797	17,125,775
Loss for the year	-	(4,271,472)	-	-	(4,271,472)
Other comprehensive income/(loss)	-	(775,062)	(804,677)	-	(1,579,739)
Total comprehensive income for the year	-	(5,046,534)	(804,677)	-	(5,846,657)
Transactions with owners in their capacity as owners					
Issue of shares	5,556	-	-	-	5,556
Share issue costs refund / (expense)	6,422	-	-	-	6,422
Share based payments	6,261	-	-	-	6,261
Balance at 30 June 2013	**29,729,387**	**(20,093,258)**	**(800,123)**	**2,456,797**	**11,292,803**
Balance at 1 July 2013	29,729,387	(20,093,258)	(800,123)	2,456,797	11,292,803
Loss for the year	-	(1,129,479)	-	-	(1,129,479)
Other comprehensive income/(loss)	-	-	391,160	-	391,160
Total comprehensive income for the year	-	(1,129,479)	(391,160)	-	(738,319)
Transactions with owners in their capacity as owners					
Issue of shares	1,550,000	-	-	-	1,550,000
Share issue costs refund / (expense)	-	-	-	-	-
Share based payments	-	-	-	25,541	25,541
Balance at 30 June 2014	**31,279,387**	**(21,222,737)**	**(408,963)**	**2,482,338**	**12,130,025**

Notes to the financial statements are included on pages 36 to 65.

Consolidated Statement of Cash Flows for the financial year ended 30 June 2014

	Note	Year ended 30 Jun 2014 A$	Year ended 30 Jun 2013 A$
Cash flows from operating activities			
Payments to suppliers and employees	25	(792,726)	(2,716,558)
Net cash used in operating activities		**(792,726)**	**(2,716,558)**
Cash flows from investing activities			
Interest received		84,501	185,897
Payments for property, plant and equipment		-	(97,614)
Proceeds from disposal of assets		58,103	-
Proceeds from available-for-sale investments		374,000	27,258
Payments for exploration expenditure		(1,193,000)	(3,170,865)
Net cash used in investing activities		**(676,396)**	**(3,055,324)**
Cash flows from financing activities			
Proceeds from issues of equity securities		-	5,556
Share issue costs		-	(1,500)
Net cash provided by financing activities		**-**	**4,056**
Net increase/(decrease) in cash and cash equivalents		**(1,469,122)**	**(5,767,826)**
Cash and cash equivalents at the beginning of the period		3,507,063	9,172,370
Effects of exchange rate changes on the balance of cash held in foreign currencies		103,685	102,519
Cash and cash equivalents at the end of the period	25	**2,141,626**	**3,507,063**

Notes to the financial statements are included on pages 36 to 65.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

1. General information

Rift Valley Resources Limited (the Company) is a for profit public Company listed on the Australian Securities Exchange (trading under the code: RVY), incorporated in Australia and operating from Perth. The Company's registered office and principal place of business is at Level 2, 23 Barrack Street, Perth WA 6000.

Rift Valley Resources Ltd is a gold and mineral exploration company operating in Tanzania and Angola.

2. New accounting standards and interpretations

(a) Changes in accounting policies and disclosures

Accounting policies adopted are consistent with those of the previous financial year except as follows. The adoption of these policies did not have a material impact on the financial report.

Reference	Title
AASB 10	**Consolidated Financial Statements** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
AASB 11	**Joint Arrangements** AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
AASB 12	**Disclosure of Interests in Other Entities** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	**Fair Value Measurement** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.

Reference	Title
AASB 119	**Employee Benefits** The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.
Interpretation 20	**Stripping Costs in the Production Phase of a Surface Mine** This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset. If an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities** AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle** AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*)
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The application of these standards have not had a material impact on the financial statements.

(b) Accounting standards and interpretations issued but not yet effective:

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

The company has not assessed the impact of these standards on its financial statements for the future years.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014

<table>
<tr><th>Reference</th><th>Title</th><th>Summary</th><th>Application date of standard</th><th>Application date for Group</th></tr>
<tr><td>AASB 9/IFRS 9</td><td>Financial Instruments</td><td>On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.
a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
► The remaining change is presented in profit or loss
AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity’s</td><td>1 January 2018</td><td>1 July 2018</td></tr>
</table>

Reference	Title	Summary	Application date of standard	Application date for Group
		own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard	Application date for Group
2011–2013 Cycle		whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.		
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.		
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.	1 July 2014	1 July 2014

3. Significant accounting policies and Going Concern

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 30 September 2014.

Basis of preparation and Going Concern

The financial report has been prepared on an historical cost basis, except for available-for-sale financial assets that have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which considers the realisation of assets and the settlement of liabilities in the normal course of business activities.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Principles of Consolidation

The consolidated financial information comprises the financial statements of Rift Valley Resources Ltd and its subsidiaries as at 30 June 2014.

Subsidiaries are all those entities controlled by the Company. Control exists where the parent entity has the capacity to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. A list of controlled entities is shown at note 24.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. The financial information of the subsidiaries are prepared for the same reporting period as Rift Valley Resources Ltd and using consistent accounting policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

c) Segment Information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

d) Foreign Currency Translation

Functional and presentation currency
The functional currency of each of the Group's operations is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the functional currency of the Company and its Australian subsidiaries and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

The financial results and position of foreign subsidiaries whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months, and bank overdrafts.

f) Investment and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has a positive intention to hold these investments to maturity. Investments intended to be held for an undefined period are not included in this classification. This cost is computed as the amount initially recognised minus principal

repayments, plus or minus the cumulative amortisation cost using the effective interest rate method. This calculation includes all fees and points paid or other premiums or discounts. For investments carried at amortised cost, gains or losses are recognised when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets that are non-derivative that are designated available-for-sale or are not included in the above categories. After initial recognition available-for-sale investments are recognised at fair value, with gains or losses recognised in profit and loss being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past evaluation expenditure in respect of the area of interest is reclassified as capitalised costs of development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met. The recoverable amount of exploration and evaluation assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Accumulated costs in respect of areas of interest are written off or a provision made in the statement of comprehensive income when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis. Provisions are made where farm-in partners are sought and there is a possibility that carried forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Group undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

Development expenditure
Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property. All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration
Provisions for restoration costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life
In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

Farm-in Arrangements
Expenditure incurred under a farm-in arrangement is accounted for in the same way as directly incurred exploration and evaluation expenditure.

h) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value of the plant and equipment also includes costs eligible for capitalisation. Other costs relating to plant and equipment are expensed when incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset	**Depreciation Rate**
Motor Vehicles	25%
Plant and equipment	5% - 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

i) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

j) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

k) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows.

l) Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising fair value of the original debt less principal payments and amortisation. The fair value of original debt is measured by discounting the balance due at the Company's estimated weighted average cost of capital.

m) Share Based Payment Transactions

Equity Settled Transactions

The Company provides benefits to certain key management personnel in the form of share-based payments and/or options. The Group currently has an Employee Option Plan (EOP), which may be used to provide benefits to directors and senior executives.

The cost of such equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to relevant market rates for the time, commitment and responsibilities for the work performed. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, at the date of the granting of the shares and options.

n) Contributed Equity

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

o) Revenue Recognition

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the asset.

p) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

q) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

GST receivable from or payable to, the Australian Taxation Office has been accounted for and included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis except for the GST component of investing activities, which are disclosed as operating cash flow.

r) Loss per Share (EPS)

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of benefits will be required to settle the obligation and the provision can be measured reliably. The estimated future obligations include the costs of restoring the affected exploration and evaluation areas contained in the Group’s tenements.

The provision for future restoration is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The initial estimate of restoration and rehabilitation relating to exploration and evaluation assets is capitalised into the cost of the related asset and is amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same way, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

t) Interests in a Jointly Controlled Asset

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled asset by recognising its interest in the assets and the liabilities of the joint arrangement. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled asset.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

Impairment of assets and exploration and evaluation expenditure
The Company determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At each reporting date management assesses the impairment triggers based on their knowledge and judgment. Where an impairment trigger is identified, an estimate of future cash flows or fair value is required.

During the financial year the Consolidated Group made an assessment of the carrying value of its exploration assets. As a result of the assessment of the economic recoverability and the planned relinquishment of tenements, the Consolidated Group made no provision for impairment (2013: $3,133,831) against the carrying value of its exploration and evaluation expenditure.

Impairment of Plant Property and Equipment

During the year the Consolidated Group made an assessment of the carrying value of property, plant and equipment owned by Group companies. As a result of this assessment the Consolidated Group made no provision for impairment (2013: Nil) against the carrying value of property, plant and equipment.

Recoverability of Deferred Tax Assets

Deferred tax assets are not recognised for deductible temporary differences as Directors consider that it is not probable that future taxable profits will be available to utilise those temporary differences.

(ii) Significant accounting estimates and assumptions

Contingent Liabilities and Contingent Assets

The Company assesses contingent liabilities and contingent assets at each reporting date and will account for them only if:

a) they can be reliably measured;
b) the probability that an asset or liability will eventually be recognised is greater than remote; and
c) the items are considered material.

Estimate of Useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model.

5. Acquisition of Sable Minerals Pty Ltd

On 20 November 2013, the company announced that it had executed a sale and purchase agreement to acquire 100% of Sable Minerals Pty Ltd. The key terms of the agreement are as follows:

- An all script purchase with a deemed value of $1.5M.
- Payment by way of Rift Valley shares in two tranches.
- The first tranche of 40 million shares escrowed for 12 months, issued 20 November 2013.
- The second tranche of $700,000 to be issued in 12 months from date of signing at the 15 day value weighted average price.

The acquisition of Sable Minerals and its Angolan company subsidiaries will give Rift Valley the ownership of 70% of the Ozango Project, with the other 30% being held by the Angolan State and Nationals. The transaction has been accounted for as an asset acquisition via a share based payment.

	Fair Value recognised on acquisition $
Assets	
Cash	40
Exploration and Evaluation assets	1,599,960
Liabilities	
Long term loan	(100,000)
Total identifiable net assets at fair value	1,500,000
Fair value of purchase consideration	
40 million shares with a fair value of $0.02 per share[1]	800,000
$700,000 of shares to be issued 12 months from signing date of the agreement.	700,000
	1,500,000

[1] Being the share price on the date of acquisition adjusted to take into account the terms and conditions upon which the shares were granted.

The long term loan was extinguished by way of the issue of 2,500,000 fully paid ordinary shares with a deemed price of $0.02 and $50,000 cash. The shares are escrowed for 12 months.

6. Operating Segments

Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The executive management team reviews exploration expenditure in each segment to assess its performance and make operating decisions. All other expense and revenue items are not allocated to operating segments as they are not considered part of the core operations of the segment. The Group operates in mineral exploration in Tanzania and Angola. The accounting policies used by the Group in reporting segments internally are the same as those contained in note 3.

Segment information provided to the Board – continuing operations

	Australia		Tanzania		Angola		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Total segment revenue	-	-	-	-	-	-		-
Segment expenses	(63,750)	-	(57,782)	(639,715)	(678)	-	(122,210)	(639,715)
Impairment expense	-	-	-	(3,133,831)	-	-	-	(3,133,831)
Total segment loss	(63,750)	-	(57,782)	(3,773,546)	(678)	-	(122,210)	(3,773,546)
Total segment assets	-	395,000	7,577,286	6,822,379	2,194,135	-	9,771,421	7,217,379
Total segment liabilities	-	-	(46,507)	-	-	-	(46,507)	-

	2014 $	2013 $
Other Segment Information		
Segment expense	(122,210)	(639,715)
Impairment expense	-	(3,133,831)
Administration expenses	(302,008)	(714,656)
Corporate expenses	(780,681)	(588,479)
Marketing expenses	(12,100)	(90,962)
Loss on disposal of assets	(21,000)	(111,488)
Foreign currency exchange loss	(7,750)	-
Total expenses	(1,245,749)	(5,279,131)
Segment assets reconcile to total assets as follows:		
Segment assets	9,771,421	7,217,379
Current assets	2,442,008	3,971,246
Property, plant and equipment	85,058	228,604
Corporate Assets	29,531	93,281
Total assets	12,328,018	11,510,510
Segment liabilities reconcile to total liabilities as follows:		
Segment liabilities	(46,507)	-
Current liabilities	(151,485)	(217,707)
Total liabilities	(197,992)	(217,707)
Segment loss reconcile to loss before tax as follows:		
Segment loss	(122,210)	(3,773,546)
Interest revenue	84,501	185,897
Administration expenses	(302,008)	(714,656)
Corporate expenses	(780,003)	(588,479)
Marketing expenses	(12,100)	(90,962)
Loss on disposal of assets	(21,000)	(111,488)
Gain on disposal of assets	31,091	-
Foreign currency exchange	(7,750)	821,762
Loss before income tax	(1,129,479)	(4,271,472)

7. Other Expenses

Loss for the year includes the following expenses:

	2014 $	2013 $
Operating lease rental expenses:		
Lease payments	88,637	124,901
Depreciation on non-current assets:		
Property, plant and equipment	132,435	104,088
Employee Benefits		
Charged to statement of comprehensive income		
Performance rights granted to directors, officers and employees	25,541	-
Directors fees, superannuation and salaries & wages	500,084	788,669
	525,625	788,669
Capitalised to exploration and evaluation costs		
Salaries & wages and superannuation	27,460	925,855

Key management personnel remuneration disclosed in Note 27 includes amounts in “Employee benefits” disclosed above.

8. Income Taxes

	2014 $	2013 $
Tax expense/(benefit) comprises:		
Current tax expense/(benefit)	-	-
Total tax expense/(benefit)	-	-

The tax rate used in the reconciliation below is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2014 $	2013 $
Loss from continuing operations	(1,129,479)	(4,271,472)
Income tax benefit calculated at 30%	(338,843)	(1,281,442)
Tax effects of amounts which are not deductible in calculating taxable income	26,787	942,028
Tax assets not brought to account	312,057	399,414
Total tax expense/(benefit)	-	-

	2014 $	2013 $
The following deferred tax assets/liabilities have not been brought to account:		
Share issue costs	31,871	31,871
Unused tax losses (a)	4,199,002	3,234,398
Deferred tax assets not recognised by foreign subsidiaries	-	-
Accruals	32,788	38,299
Provision for restoration and rehabilitation	-	-
Exploration and evaluation expenditure	(805,566)	(759,345)

(a) Tax loss information is an estimate of available losses.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

(i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(ii) conditions for deductibility imposed by the law are complied with; and
(iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future. Unrecognised tax losses as at 30 June 2014 aggregate $13,996,672 (2013: $10,781,327).

9. Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and on hand	2,141,626	3,507,063
	2,141,626	3,507,063

10. Trade and Other Receivables

	2014 $	2013 $
<u>Current</u>		
Trust deposit (i)	-	137,500
Other debtors	276,732	287,920
	276,732	425,420

(i) This amount was held on trust pending the finalisation of all handover matters under the termination deed with former Managing Director Mr Michael McKevitt. The funds were disbursed during the 2014 financial year.

11. Assets Held for Sale

(a) Available for sale financial assets

During the 2013 financial year, the Company divested its shareholding in Tasman Goldfields NSW Pty Ltd, which held Mt Adrah tenement assets in New South Wales. The transaction resulted in the Company receiving $62,500 cash and 625,000 fully paid ordinary shares in ASX-listed Sovereign Gold Company Ltd (“Sovereign”).

	2014 $	2013 $
Opening balance	93,281	-
Fair value of shares received during the year	-	103,125
Revaluation of asset	(63,281)	(9,375)
Net revaluation of shares	30,000	93,750
Listed shares classified as current assets held for sale	29,531	93,281

(b) Exploration and evaluation expenditure (current assets held for sale)

On 19 December 2013, the Company entered into an Option Agreement for the sale of the Miclere Project (“Miclere”) located in Queensland. The Option is for 180 days with a non-refundable deposit having been received upon execution of the Agreement. The balance of the purchase price of $395,000 is payable upon exercise of the Option. On 19 December 2013 the purchaser exercised their option.

	2014 $	2013 $
Opening balance	395,000	-
Transfer of exploration and evaluation assets and security deposit at written down value	-	1,288,692
Revaluation of asset to fair value	-	(893,692)
Proceeds from sale of asset	(374,000)	-
Loss on sale of asset	(21,000)	-
Exploration asset classified as current asset held for sale	-	395,000

(c) Net loss on available-for-sale assets

	Sovereign		Miclere		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Fair value adjustment	(63,281)	93,281	-	(893,692)	(63,281)	(800,411)
Add: cash consideration	-	62,500	-	20,000	-	82,500
Less: expenses incurred	-	(50,085)	-	(7,066)	-	(57,151)
Total gain/(loss) for the year	(63,281)	105,696	-	(880,758)	(63,281)	(775,062)

12. Parent Entity Disclosure

The following details information related to the parent entity, Rift Valley Resources Ltd as at 30 June 2014. The information presented has been prepared using consistent accounting policies as presented in Note 3.

	2014 $	2013 $
Current assets	2,085,740	3,678,717
Non-current assets	8,734,062	6,845,528
Total assets	10,819,802	10,524,245
Current liabilities	151,486	147,920
Non-current liabilities – intercompany loan	6,207,574	6,225,397
Total liabilities	6,359,060	6,373,317
Contributed equity	20,299,117	18,749,117
Accumulated losses	(18,026,552)	(17,054,985)
Reserves	2,210,618	2,456,796
Total equity	4,483,183	4,150,928
Loss for the year	(1,022,644)	(1,299,340)
Total comprehensive loss for the year	(1,022,644)	(2,074,402)

No guarantees have been entered into by the parent entity on behalf of subsidiaries during the period. In the 2013 financial year, the Company had arranged bank guarantees totalling $93,201 in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees were covered by cash balances held with the ANZ Banking Group Ltd. These were transferred with the sale of the Miclere Project.

13. Property, Plant and Equipment

	Motor Vehicles $	Plant and equipment at cost $	Total $
Balance at 1 July 2013	282,279	133,562	415,841
Additions	-	-	-
Disposals	(97,286)	-	(97,286)
Balance at 30 June 2014	184,993	133,562	318,555
Accumulated depreciation			
Balance at 1 July 2013	(122,390)	(64,847)	(187,237)
Transfers	-	-	-
Disposals	69,593	-	69,593
Depreciation expense	(77,783)	(54,652)	(132,435)
Exchange differences	16,582	-	16,582
Balance at 30 June 2014	(113,998)	(119,499)	(233,497)
Net book value as at 30 June 2014	70,995	14,063	85,058

	Motor Vehicles $	Plant and equipment at cost $	Total $
Balance at 1 July 2012	208,331	147,929	356,260
Additions	73,948	24,195	98,143
Disposals	-	(38,562)	(38,562)
Balance at 30 June 2013	282,279	133,562	415,841
Accumulated depreciation			
Balance at 1 July 2012	(45,839)	(84,536)	(130,375)
Transfers	-	21,814	21,814
Disposals	-	25,726	25,726
Depreciation expense	(76,359)	(27,729)	(104,088)
Exchange differences	(192)	(122)	(314)
Balance at 30 June 2013	(122,390)	(64,847)	(187,237)
Net book value as at 30 June 2013	159,889	68,715	228,604

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2014 $	2013 $
Computer Equipment	22,963	-
Furniture & Fittings	16,071	-
Plant and equipment	15,618	27,729
Motor vehicles	77,783	76,359
Total depreciation	132,436	104,088

14. Exploration and Evaluation Expenditure

Gross carrying value:		
Balance at beginning of period	6,822,379	10,084,315
Additions	2,685,218	2,531,150
Reclassification as a held-for-sale asset (iii)	-	(2,659,255)
Disposals (i)	-	(3,133,831)
Foreign exchange	263,824	-
Balance at end of financial year	9,771,422	6,822,379
Accumulated depreciation/amortisation and impairment		
Balance at beginning of period	-	(1,463,763)
Impairment expense	-	-
Reclassification as a held-for-sale asset (iii)	-	1,463,763
Disposals	-	-
Balance at end of financial year	-	-
At the end of the financial year book value net of accumulated amortisation and impairment (ii)	9,771,422	6,822,379

(i) During the financial year, the Consolidated Group made an assessment of the carrying value of its exploration assets. As a result of the assessment of economic recoverability and from the relinquishment of non-core tenement holdings, the Consolidated Group has recorded an impairment loss on exploration tenements of nil (2013: $3,133,831) against the carrying value of its exploration and evaluation assets.

(ii) The above amounts represent capitalised costs of exploration carried forward as an asset in accordance with the accounting policy set out in note 3 (g). The ultimate recoupment of the exploration and evaluation expenditure in respect to the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect to each relevant area of interest is not charged to the statement of comprehensive income until a mining operation is commenced or when tenements are relinquished.

(iii) As the Company entered into an Option Agreement for the sale of the Miclere Project during the previous year, the Miclere assets have been reclassified from an exploration asset to a held-for-sale asset. Refer to Note 12 for further details regarding assets classified as held-for-sale.

15. Trade and Other Payables

	2014 $	2013 $
Trade, other payables and accrued expenses (i)	197,993	195,918
	197,993	195,918

(i) There has been no interest charged on the trade payables.

16. Provisions

	2014 $	2013 $
<u>Current</u>		
Provision for annual leave	-	21,789
<u>Non-current</u>		
Provision for rehabilitation expenditure (i)	-	-
	-	21,789

(i) the non-current provision for rehabilitation expenditure represents the present value of the Director's best estimates of the future sacrifice of economic benefits required to meet environmental liabilities on the Group's tenements.

17. Issued Capital

Company/Consolidated	2014 No.	2014 $	2013 No.	2013 $
Fully paid ordinary shares				
Balance at beginning of the period	287,080,110	29,729,387	286,887,554	29,711,148
Options exercised at $0.10 each on 5 Oct 2012	-	-	55,556	5,556
Shares issued at $0.0457 each on 25 Jan 2013 to Tanzanian employees in lieu of cash	-	-	137,000	6,261
Shares issued as consideration in the acquisition of Sable Minerals Pty Ltd (Escrowed to 16 January 2015)	40,000,000	800,000	-	-
Shares issued as consideration in the acquisition of Sable Minerals Pty Ltd	2,500,000	50,000	-	-
Shares to be issued	-	700,000		
Share issue costs refunds/(expenses)	-	-	-	6,422
Balance at end of financial year	329,580,110	31,279,387	287,080,110	29,729,387

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. Management controls the capital of the Group in order to fund its operations and continue as a going concern. The Consolidated Entity does not have any externally imposed capital requirements.

	Consolidated 2014 $	Consolidated 2013 $
329,580,110 fully paid ordinary shares (2013: 287,080,110)	31,279,387	29,729,387
	31,279,387	29,729,387

Share options on issue

Details of unissued shares or interests under option as at 30 June 2014 are as follows:

Issuing entity	Shares under option (no.)	Class of shares	Exercise price	Expiry	Listed / Unlisted
Rift Valley Resources Limited	10,000,000	Ordinary Shares	10 cents	4 October 2014	Unlisted
Rift Valley Resources Limited	5,000,000	Ordinary Shares	27 cents	18 March 2015	Unlisted
Rift Valley Resources Limited	2,500,000	Ordinary Shares	27 cents	31 May 2015	Unlisted

Details of unissued shares or interests under option as at 30 June 2013 are as follows:

Issuing entity	Shares under option (no.)	Class of shares	Exercise price	Expiry	Listed / Unlisted
Rift Valley Resources Limited	8,000,000	Ordinary Shares	10 cents	22 March 2014	Unlisted
Rift Valley Resources Limited	12,000,000	Ordinary Shares	10 cents	4 October 2014	Unlisted
Rift Valley Resources Limited	5,000,000	Ordinary Shares	27 cents	18 March 2015	Unlisted
Rift Valley Resources Limited	2,500,000	Ordinary Shares	27 cents	31 May 2015	Unlisted
Rift Valley Resources Limited	7,343,750	Ordinary Shares	20 cents	15 Feb 2014	Unlisted
Rift Valley Resources Limited	7,343,750	Ordinary Shares	25 cents	15 Feb 2014	Unlisted

Performance Rights

During the 2014 financial year, the Rift Valley Resources Performance Rights Plans was approved by shareholders and the following performance rights were issued to key management personnel:

Director / KMP	Number of Rights	Vesting Conditions	Grant date	Expiry date	Vesting date	Fair value at Grant date
Geoff Gilmour	3,000,000	12 months service	10 March 2014	31 Dec 2014	31 Dec 2014	20,432
Scott Mison	750,000	12 months service	10 March 2014	31 Dec 2014	31 Dec 2014	5,108

18. Reserves

	Consolidated	
	2014 **$**	**2013** **$**
Share option reserve	2,482,338	2,456,797
Foreign Currency Translation Reserve	(408,963)	(800,123)
	2,073,375	1,656,674
Foreign Currency Translation Reserve		
Balance at beginning of financial year	(800,123)	4,554
Movements:		
Translation adjustments (i)	391,160	(804,677)
Balance at end of financial year	(408,963)	(800,123)
Share Option Reserve		
Balance at beginning of financial year	2,456,797	2,456,797
Movements:		
Issue of performance rights (ii)	25,541	-
Balance at end of financial year	2,482,338	2,456,797

(i) Represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) The Share option reserve arises on the grant of share options and performance rights to executives and senior employees. Amounts are transferred out of the reserve and into issued capital when the options or performance rights are converted to equity. Further information about share-based payments can be found in Notes 28 and 29 to the financial statements.

19. Accumulated Losses

	Consolidated	
	2014 **$**	**2013** **$**
Balance at beginning of financial year	(20,093,258)	(15,046,724)
Net loss for the year	(738,319)	(5,046,534)
Balance at end of financial year	(20,831,577)	(20,093,258)

20. Loss per Share

	2014 **cents per share**	**2013** **cents per share**
Basic loss per share		
From continuing operations	0.24	1.76
Total basic loss per share	0.24	1.76
Diluted loss per share		
From continuing operations	0.24	1.76
Total diluted loss per share	0.24	1.76

Basic loss per share

The net loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2014 **$**	**2013** **$**
Net loss	(1,129,479)	(5,046,534)
Losses used in the calculation of basic loss per share from continuing operations	(1,129,479)	(5,046,534)
Losses used in the calculation of basic loss per share attributable to ordinary shareholders	(1,129,479)	(5,046,534)

	2014 **No.**	**2013** **No.**
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	312,339,609	286,986,899
Options	17,500,000	42,187,500

Options are considered potential ordinary shares. As the Company incurred a loss during the year the 17500,000 options were not considered dilutive. Accordingly the options have not been included in the determination of diluted earnings per share.

21. Dividends

No dividends were paid or proposed during the current or previous financial year.

22. Commitments for Expenditure

The Consolidated Entity has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements.

No provision has been made in the accounts for the possibility of a native title claim application. Any substantial claim may have an effect on the value of the relevant tenement. These obligations will vary from time to time, subject to statutory approval.

The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Consolidated Entity.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

(i) Operating leases

The Group has entered into commercial property and equipment leases. These leases have an average life of between 5 and 12 months.

There are no restrictions placed upon the lessee by entering into these leases.

	Consolidated	
	2014	**2013**
	$	**$**
Operating lease expenditure		
Not longer than 1 year	35,847	82,898
Longer than 1 year and not longer than 5 years	-	35,847
Longer than 5 years	-	-
	35,847	118,745

(ii) Exploration Commitments

Commitments for payments under exploration permits and mineral leases in existence at the reporting date but not recognised as liabilities payable are as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Exploration and evaluation expenditure		
Not longer than 1 year	400,688	551,129
Longer than 1 year and not longer than 5 years	139,988	421,369
Longer than 5 years	-	-
	540,676	972,498

(iii) Remuneration commitments for salaries under long term contracts in existance at reporting date but not recognised as a liability payable:

	Consolidated	
	2014	**2013**
	$	**$**
Salaries under long term employment contracts		
Not longer than 1 year	-	242,500
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	242,500

23. Contingent Liabilities and Contingent Assets

The Group had arranged bank guarantees totalling $93,201 (2013: $93,201) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees were covered by cash balances held with the ANZ Banking Group Ltd. These were transferred as part of the sale of Miclere.

Pursuant to the agreement for the acquisition of the Kitongo Gold Project the Company will be required to pay an amount of $750,000 to the vendor on the commencement of production.

The Directors are not aware of any other contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements.

24. Interests in Controlled Entities

		Ownership interest	
Name of entity	**Country of incorporation**	**2014 %**	**2013 %**
Parent entity:			
Rift Valley Resources Limited (i)	Australia		
Controlled entities:			
Carlton Resources Pty Ltd	Australia	100	100
Carlton Miyabi Tanzania Limited (ii)	Tanzania	100	100
Carlton Kitongo Tanzania Limited (ii)	Tanzania	100	100
Bright Star Tanzania Limited	Tanzania	100	100
Tasman Goldfields Australia Operations Pty Ltd	Australia	100	100
Tasman Goldfields Miclere Pty Ltd (ii)	Australia	-	100
Tasman Goldfields NSW Pty Ltd (A)	Australia	-	-
Rift Valley Resources (Africa) Pty Ltd (B)	Australia	100	100
Rift Valley Resources Tanzania Limited (B)	Tanzania	100	100
Sable Minerals Pty Ltd	Australia	100	-
Ozango Limited	Angola	70	-

(i) Rift Valley Resources Ltd is the ultimate holding Company.
(ii) Investments held through subsidiaries.

The parent entity and its controlled entities are not within a tax-consolidated Group.

25. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2014 $	**2013 $**
Cash and cash equivalents	2,141,626	3,507,063

(b) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	Consolidated	
	2014 $	2013 $
Net loss	(1,129,479)	(5,046,534)
Interest income	(84,501)	(185,897)
Depreciation	132,436	19,285
Impairment of exploration and evaluation expenditure	-	3,133,831
Share based payments	25,541	-
Exploration expensed	57,782	639,715
Unrealised FX (gain)/loss	7,750	(821,762)
Net loss on available-for-sale assets	21,000	775,062
Write down on available-for-sale assets	(63,750)	-
Gain on disposal of assets	(31,091)	-
(Increase)/decrease in assets:		
Trade and other receivables	148,688	(171,519)
Prepayments	15,114	3,983
Increase/(decrease) in liabilities:		
Trade and other payables	2,073	(1,005,891)
Provisions	(21,789)	(56,831)
Net cash used in operating activities	(792,726)	(2,716,558)

26. Financial Instruments

(a) Financial risk management objectives

The senior management and Board monitor and manage the financial risk relating to the operations of the Group. The Group's activities include exposure to market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program focuses on managing these risks and implementing and monitoring controls over the cash management function. Owing to the unpredictability of finance markets, the senior management and Board seek to minimise potential adverse effects on financial performance. There has been no substantive changes in the Group's exposure to financial instrument risks, its objectives, polices and processes for managing these risks or the methods to measure them.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Notes 3 and 4 to the financial statements.

(c) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders of the parent, comprising of issued capital, reserves and accumulated losses as disclosed in Notes 17, 18 and 19 respectively. The Group operates its exploration and evaluation activities through its wholly owned subsidiaries. None of the Group's entities are subject to externally imposed capital requirements. The Group intends to use a variety of capital market issues to meet anticipated funding requirements. The Group currently has no short-term or long-term borrowings.

(d) Market price risk

The Group is involved in the exploration and development of mining tenements for base metals including gold and copper. Revenue from any future mining associated with metal sales, the acquisition and disposal consideration for mining tenements and the ability to raise funds through equity and debt will be largely dependent upon the commodity price for resources at the time of the transaction.

(e) Interest rate risk

The Group's cash-flow interest rate risk for assets primarily arises from cash at bank and deposits which are subject to market bank rates. There is no interest receivable or payable on the Group's trade and other receivables or payables. Details of the interest rates and maturities are located in this note. The Group will be exposed to further interest rate risk if it intends to borrow funds in the future for acquisition and development.

(f) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group. The Group internal policy requires deposits to be held with financial institutions holding a benchmark credit rating. At balance date cash and deposits were held with the National Australia Bank.

(g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

(iii) the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

(h) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services and the holding of assets and liabilities in currencies other than the Group's measurement currency.

At balance date, the Group had the following exposure to United States Dollars (USD) foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2014 $	2013 $
Financial Assets		
Cash and cash equivalents		
USD	110,942	131,875
	110,942	131,875
Net exposure	110,942	131,875

A 5% change in the United States Dollar will increase or decrease net loss and accumulated losses by $5,547 (2013: $6,594)

Maturity profile of financial instruments

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on undiscounted cash flows and details the Group's exposure to interest rate risk as at 30 June 2014 and as at 30 June 2013:

2014	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing		-	-	-	-	-	-
Variable interest rate instrument		2,141,626	-	-	-	-	2,141,626
Fixed interest rate instruments		-	-	-	-	-	-
		2,141,626	-	-	-	-	2,141,626
Financial liabilities							
Non-interest bearing		197,992	-	-	-	-	197,992
		197,992	-	-	-	-	-

2013	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing		178,257	-	-	-	-	178,257
Variable interest rate instrument		1,328,806	-	-	93,202	-	1,422,008
Fixed interest rate instruments		-	2,000,000	-	-	-	2,000,000
		1,507,063	2,000,000	-	93,202	-	3,600,265
Financial liabilities							
Non-interest bearing		195,918	-	-	-	-	195,918
		195,918	-	-	-	-	195,918

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by $21,416 (2013: $34,220).

27. Key Management Personnel Compensation

	2014 $	2013 $
Short-term employee benefits	631,770	742,808
Post-employment benefits	13,303	52,914
Termination benefits	-	45,833
Share-based payment	25,541	-
	670,614	841,555

Further details of the key management personnel compensation can be found in the Remuneration Report section of the Directors' Report.

28. Share-based Payments

(a) Key Management Personnel and Directors

During the 2014 financial year there were no options issued as share based payments to directors and key management personnel. During the same period, the following 22,687,500 options lapsed:

Name	Share options Number	Grant date fair value	Grant date	Expiry date	Vesting date
W Gilmour – Director	8,000,000	$0.0657	22 March 2010	22 March 2014	Vested at date of grant

Name	Share options Number (20c)	Grant date fair value	Share options Number (25c)	Grant date fair value	Grant date	Expiry date	Vesting date
K McKay – Director	625,000	$0.021	625,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
D Murcia – Director	2,187,500	$0.021	2,187,500	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
M McKevitt – Director	1,250,000	$0.021	1,250,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
G Kagaruki – Director	937,500	$0.021	937,500	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
R Caren - Consultant	468,750	$0.021	468,750	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
Consultants	1,875,000	$0.021	1,875,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant

During the 2013 financial year there were no options issued as share based payments to directors and key management personnel. During the same period, the following 2,850,000 options lapsed:

Name	Share options Number	Exercise Price	Grant date	Expiry date	Vesting date	Grant date fair value
J Park - Director	600,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
G Checketts - Director	600,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
A Gates - Director	600,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
R Skrzecynski – Director	600,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
G Gill – KMP	150,000	30c	24 May 2007	24 Sep 2012	Vested at date of grant	$0.096
P Nicolson - KMP	300,000	30c	24 May 2007	24 Sep 2012	24 May 2008	$0.107

As part of the merger with Rift Valley Resources (Africa) Pty Ltd (formerly Rift Valley Resources Ltd, ASX: RFV) the following options were issued to directors and consultants as part of the Scheme of Arrangement:

Name	Share options Number (20c)	Grant date fair value	Share options Number (25c)	Grant date fair value	Grant date	Expiry date	Vesting date
K McKay – Director	625,000	$0.021	625,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
D Murcia – Director	2,187,500	$0.021	2,187,500	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
M McKevitt – Director	1,250,000	$0.021	1,250,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
G Kagaruki – Director	937,500	$0.021	937,500	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant
R Caren - Consultant	468,750	$0.021	468,750	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant

There is no further service or performance criteria that need to be met in relation to these options as they were part of the Scheme of Arrangement. The valuation of the options is part of the acquisition cost. Other key inputs to the Black Scholes model used for valuing the options are:

Option series	Grant date share price	Expected volatility	Risk free rate
Directors	$0.10	80%	3.66%
Consultant	$0.10	80%	3.66%

(b) Others

2013

During the year ended 30 June 2012, 3,750,000 unlisted options were issued to consultants to the Company as a result of the Scheme of Arrangement with Rift Valley (Africa) Pty Ltd. The valuation of the options is part of the acquisition cost. The terms and conditions are outlined as follows:

Name	Share options Number (20c)	Grant date fair value	Share options Number (25c)	Grant date fair value	Grant date	Expiry date	Vesting date
Consultants	1,875,000	$0.021	1,875,000	$0.016	28 Jun 2012	15 Feb 2014	Vested at date of grant

Other key inputs to the Black Scholes model used for valuing the options are:

Option series	Grant date share price	Expected volatility	Risk free rate
Consultants	$0.10	80%	3.66%

(c) Reconciliation of options outstanding

The following reconciles outstanding share options provided as share-based payments at the beginning and end of the financial year:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	43,887,500	$0.19	46,737,500	$0.19
Issued during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(26,387,500)	$0.18	(2,850,000)	$0.10
Balance at end of the financial year	17,500,000	$0.17	43,887,500	$0.19
Exercisable at end of the financial year	17,500,000	$0.17	43,887,500	$0.19

29. Related party transactions

Parent entity
The parent entity in the Group is Rift Valley Resources Ltd which was incorporated in Victoria Australia on 29 September 2006.

(a) Equity interests in related parties

Equity interests in subsidiaries
Details of the percentage of ordinary shares held in the subsidiary are disclosed in Note 24 to the financial statements.

(b) Transactions with key management personnel and related parties

i. Key management personnel compensation

The aggregate compensation made to KMPs are disclosed in Note 29 of the financial statements and details of the compensation has been provided in the remuneration report which forms part of the Directors' Report.

(c) Other Transactions with Key Management Personnel and Related Parties

i. Consultancy fees

The following amounts have been disclosed as remuneration in Note 27:

- During the financial year the Company paid Tanner Investments Pty Ltd, a company related to Mr W Gilmour, consultancy fees of $35,000 for the period from 1 July 2013 to 10 February 2014 (2013: $25,000 for the period from 1 February 2013 to 30 June 2013);
- The Company paid Willowood Corporate Pty Ltd, a Company associated with Mr G Gilmour, consultancy fees of $180,000 during the current financial year (2013: $180,000); and

28. Remuneration of auditors

	Consolidated	
	2014 **$**	**2013** **$**
Remuneration of Ernst & Young as the auditor of the parent entity		
Audit or review of the financial report	52,600	52,000
Related practice of the parent entity auditor		
Other non-audit services – taxation services	-	5,275
Remuneration of Ernst & Young as the auditor of the foreign subsidiaries		
An audit or review of the financial report of the entity and any other entity in the Consolidated Entity	-	38,000

29. Subsequent events

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

ASX ADDITIONAL INFORMATION

DISTRIBUTION OF EQUITY SECURITIES

The distribution of members and their holdings of fully paid ordinary shares and listed options as at 16 September 2014 were as follows:

Shares held	No. of Shareholders
1-1,000	60
1,001-5,000	54
5,001-10,000	137
10,001-100,000	575
100,001 and over	388
Totals	1,214

Less than Marketable Parcel	Min Parcel size	Holders	Units
Shares	15,625	336	2,429,865

RESTRICTED SECURITIES

There are no restricted securities.

TWENTY LARGEST SHARE SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 16 September 2014 are listed below:

Name	Number of Shares	Percentage
MR WARREN GILMOUR & MRS CATHERINE GILMOUR <W&C GILMOUR SUPER FUND A/C>	14,892,857	4.519
J P MORGAN NOMINEES AUSTRALIA LIMITED	11,478,056	3.483
GREGORY ROLLAND CUNNOLD & LARA CHERYL GROVES	11,336,000	3.440
MR GRAHAM FRANK MCDONAGH & MRS GINA MARIA MCDONAGH <MCDONAGH SUPER FUND A/C>	10,882,600	3.302
TJUN TJUN PTY LTD	10,000,000	3.034
DR LEON EUGENE PRETORIUS	9,192,000	2.789
MISS DANIELLE MARIE TROY	8,971,200	2.722
MR GEOFFREY MARK GILMOUR	7,343,192	2.228
MANDARA CAPITAL PTY LTD	7,200,000	2.185
MR LAURIE TONY SORGIOVANNI	5,903,546	1.791
PINELEAF PTY LIMITED <SMITHERS SUPER FUND A/C>	5,135,055	1.558
MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	4,705,000	1.428
RACHEL ANN MCDONALD	4,264,000	1.294
MR GRAEME JOHN CLATWORTHY <G CLATWORTHY FAMILY A/C>	4,250,000	1.290
WILLOWOOD CORPORATE PTY LTD	4,158,345	1.262
RED OAKS PTY LTD	4,123,672	1.251
MR BRIAN CYRIL HOOPER & MRS CORAL HOOPER <B & C HOOPER S/F A/C>	4,000,000	1.214
ROBKIN PTY LTD <PACIFIC EXP CONS S/F A/C>	3,288,318	0.998
MR ALAN GEORGE BROOKS & MRS PHILIPPA CLAIRE BROOKS <AG & PC BROOKS S/F A/C>	3,270,830	0.992
MS SHARON CLATWORTHY <MS CASSIDY CLATWORTHY A/C>	3,200,000	0.971
	137,594,671	**41.75%**

HOLDERS OF MORE THAN 20% OF A CLASS OF UNQUOTED OPTIONS (NOT ELSEWHERE DISCLOSED)

The names of any holder of unlisted options holding 20% or more of a class of unlisted options, as at 16 September 2014 are listed below:

Name	Option Series	Number of Options	Percentage of the Option Series
G Gilmour	Exercisable at 10 cents on or before 4 October 2014	5,000,000	41.7%
G Clatworthy	Exercisable at 10 cents on or before 4 October 2014	5,000,000	41.7%
P Payne	Exercisable at 27 cents on or before 18 March 2015	5,000,000	100%
B Bolitho	Exercisable at 27 cents on or before 31 May 2015	2,500,000	100%

SUBSTANTIAL SHAREHOLDERS

The Company's Register of Substantial Shareholders, prepared in accordance with Chapter 6C of the Corporations Act 2001, showed the following substantial shareholders as at 16 September 2014:

Name	Number of Shares	Percentage
W Gilmour & C Gilmour <Gilmour Super Fund>	17,805,857	5.4%

VOTING RIGHTS

Under the Company's constitution, all ordinary shares carry one vote per share without restriction. Options over ordinary shares do not carry any voting rights.

TENEMENT SCHEDULE

Country	Project Name	License Name	License no.	% Held
Tanzania	Kitongo	Mwamazengo South - Hasanet	HQ-P20825	100%
	Kitongo	Mwamazengo South	HQ-P22362	100%
	Kitongo	Ugambilo East	HQ-P22364	100%
	Kitongo	Kitongo West	HQ-P22428	100%
	Kitongo	Mwamazengo SE	HQ-P22557	100%
	Kitongo	Ugambilo East	HQ-P26791	100%
	Kitongo	Mwamazengo South	HQ-P26792	100%
	Kitongo	Mwamazengo South - Hasanet	PL2697	100%
	Kitongo	Kitongo West	PL3566	100%
	Kitongo	Mwamazengo South East	PL3616	100%
	Kitongo	Busongo North	PL4618	100%
	Kitongo	Ugambilo North	PL6385	100%
	Kitongo	Kitongo West	PL6499	100%
	Kitongo	Mwamazengo SE	PL6543	100%
	Kitongo	Mwamazengo	PL6629	100%
	Kitongo	Mwamazengo South	PL6631	100%
	Kitongo	Ugambilo East	PL8441	100%
	Kitongo	Busongo	PL8699	100%
	Kitongo	Ugambilo RL	PL10067	100%
	Kitongo	Kitongo RL	PL10068	100%
	Kitongo	Mwamazengo RL	PL10069	100%
Tanzania	Miyabi	Miyabi South Idahina	HQ-P26826	50%
	Miyabi	Miyabi South West	HQ-P21345	50%
	Miyabi	Miyabi North	PL4536	50%
	Miyabi	Miyabi Mwabomba North	PL4592	50%
	Miyabi	Miyabi Northwest	PL5115	50%
	Miyabi	Miyabi South	PL6369	50%
	Miyabi	Miyabi South	PL6382	50%
	Miyabi	Miyabi Airport	PL6593	50%
	Miyabi	Miyabi Mwabomba West	PL6752	50%
	Miyabi	Miyabi Dyke	PL8933	50%
	Miyabi	Miyabi Mwabomba Central	PL8934	50%
Tanzania	Nyang’ombe	Nyang'ombe North	HQ-P19030	100%
	Nyang’ombe	Nyang'ombe West	HQ-P20490	100%
	Nyang’ombe	Nyang'ombe North	HQ-P22316	100%
	Nyang’ombe	Nyang'ombe North	PL3534	100%
	Nyang’ombe	Nyang'ombe BEAL	PL6502	100%
Angola	Ozango	Ozango	009/01/07T.P/ANG -MGMI/2011	70%

(i) Rift Valley achieved earn-in for the Miyabi Joint Venture during the 2013 financial year to now hold a 50% interest in the Miyabi Project. Rift Valley may earn up to a 75% interest under the terms of the Joint Venture Agreement.