# RIFT VALLEY RESOURCES LIMITED

**Annual Report**

**for the financial year ended 30 June 2015**

**Rift Valley Resources Limited**

**and Controlled Entities**

**ABN 86 121 985 395**

## Corporate directory

| | |
|---|---|
| **Directors** | Geoffrey Gilmour, Managing Director<br>Greg Cunnold, Technical Director<br>Graeme Clatworthy, Non-Executive Director |
| **Company Secretary** | Mr Scott Mison |
| **Registered Office** | Ground Floor<br>10 Outram Street<br>West Perth WA 6000<br><br>www.riftvalleyresources.com.au<br>info@riftvalleyresources.com.au |
| **Share Registry** | Boardroom Pty Ltd<br>Grosvenor Place<br>Level 12, 225 George Street<br>Sydney NSW 2000 |
| **Auditors** | Ernst & Young<br>11 Mounts Bay Road<br>PERTH WA 6000 |
| **Lawyers** | Johnson Winter & Slattery<br>Level 4, Westralia Plaza<br>167 St Georges Terrace<br>Perth WA 6000 |
| **ASX Code** | RVY |

**Contents**

**Letter to Shareholders**

The Directors wish to thank our loyal shareholders, financial advisors, consultants and legal counsel for their support and advice during the year. The 2014/2015 financial year has been a challenging period for resource companies alike. Despite a major down turn in global commodity prices and a general lack of positive sentiment towards the resources sector, we believe that our company has made significant milestones and has achieved exploration success on our projects.

During the 2015 financial year we raised $4.0 million to fund our business moving forward and welcomed new sophisticated shareholders and a major international institutional investor to our registry. WH Ireland, a respected UK Stockbroking firm established in 1872, initiated research coverage on our company and is closely following our progress.

We also completed the purchase of Mtemi Resources, a private company backed by high net worth and knowledgeable Western Australian, Tanzanian and British investors. The Mtemi transaction also added additional exploration tenements in Tanzania together with some important equipment that will complement and assist us with our activities in country.

In September 2014 we recommenced exploration at our Kitongo Gold Project in Tanzania. The drilling results that were achieved not only reconfirmed the existing resources at Kitongo but demonstrated the potential to add further gold resources. Subsequent to 30 June 2015, we also completed an additional RC drilling program at Kitongo that continued to deliver good gold mineralisation.

In May 2015 at our Myabi Gold Project, we also recommenced drilling that was designed to follow up the previous high grade gold results at the newly discovered Dalafuma Prospect. This Reverse Circulation drilling program provided us with some of our best gold assay results to date and subsequent to the year end, added an additional 167,000 ounces (JORC 2012) of gold increasing our total resource estimate at the Miyabi Project to 703,500 ounces of Gold.

Over the year, our efforts in Angola also gained pace. In November 2014, a Mining and Investment Contract (MIC) was executed between our 70% owned Angolan company, "Ozango Minerais SA" and "Ferrangol EP" an Angolan state owned enterprise. The MIC was negotiated on commercially and mutually acceptable terms and provides us with up to 7 years of exploration for a suite of minerals including precious metals. In February of 2015 we received communication from the Hon Minister of Geology and Mines that he approved (Homologated) our contract without amendment. This homologated contract is one of the first MIC's approved by the Minister for hard rock exploration in Angola and endorses our own capabilities and the close relationships we have formed with our Angolan Partners, Governmental Departments and Regulatory Bodies.

We also completed a trenching program at our Longonjo Rare Earth (REE) prospect. The trenching program provided us with a bulk sample of material that was shipped to Australia for Metallurgical test work and for the preparation of a desk top study to be completed later in the year. Post 30 June 2015 we were very pleased to receive the initial metallurgical test work that demonstrated that the sample material can be beneficiated to 19.44% Total Rare Earth Oxide (TREO). We are highly encouraged by this outcome and are confident that this Rare Earth prospect will prove to be a valuable asset to our company.

At the Cassenha Hill Copper /Gold prospect we completed site works and established infrastructure for our maiden Diamond Drilling campaign. This drilling campaign is expected to commence in the $2^{nd}$ quarter of the 2015/16 financial year.

Our Government partner, Ferrangol has also purchased 2 multi-purpose drill rigs and has constructed a world class assay laboratory in Luanda. These two things alone can significantly reduce our exploration costs and shorten the turn-around time between drilling programs and receiving assay results. It further demonstrates the Angolan Government's commitment to advance the minerals exploration and development industry.

We are delighted with the valued assistance and the professional relationship we have established with Ferrangol. The Ministry of Geology and Mines and our local Partners and we look forward to working with them as we expand our exploration activities in country.

We look forward to providing shareholders with more positive news through the 2016 financial year as we continue our efforts at increasing our gold resources in Tanzania and unlocking value in Angola.

Kind regards,

The Board of Directors

# 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 2015. 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**<br>**Executive Director**<br><br>**Appointed: 30 November 2009**<br>**Age: 51 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.<br><br>Mr Gilmour, became Managing Director of the Company again on 15 March 2013. |
| **Greg Cunnold**<br>**Technical Director**<br><br>**Appointed: 10 February 2014**<br>**Age: 50 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.<br><br>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.<br><br>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**<br>**Non-executive Director**<br><br>**Appointed: 10 February 2014**<br>**Age: 50 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.<br><br>Graeme has previously held directorships of Yilgarn Gold Ltd, Brightstar Resources Ltd and is currently an Executive Director of Meteoric Resources NL. |

**Company Secretary – Mr. Scott Mison - B.Bus, CA, AGIA.**
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 and 1-Page Limited, and is Company Secretary of Anatolia Energy Limited and 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 $1,525,915 (30 June 2014: 1,129,479) for the year ended 30 June 2015.

# Report on Projects

## Tanzania

### Lake Victoria Goldfields

### Miyabi Gold Project RVY 100% - 703,500 Oz JORC 2012 Resource

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 2012 JORC Code compliant resource of 703,500 ounces of gold with excellent potential to expand this resource through further exploration.

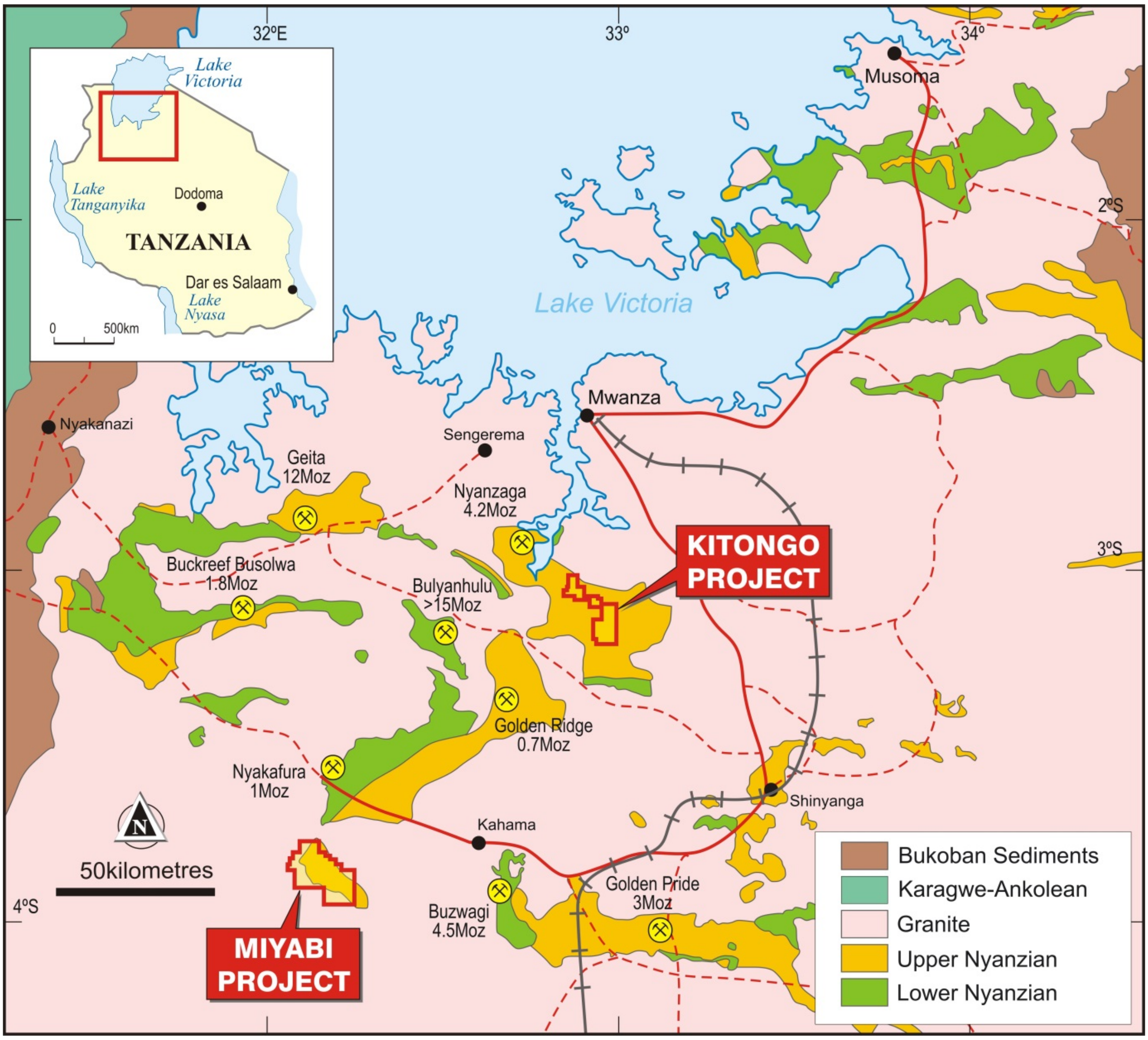



*Figure 1: Miyabi and Kitongo Project location plan*

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.

During the year the company completed the purchase of the final 50% interest in the Miyabi Project. Subsequent to Rift acquiring 100% ownership in the project, a complete review of previous exploration was undertaken and drilling programs were planned.
During the quarter ending 30 June 2015, a 26 hole RC Drilling program was completed and the assay results from the first 8 drill holes encountered broad high grade gold intersections. The best results of these first 8 drill holes are as follows:

- **MBRC398 – 23 at 4.22g/t from 45m**
- **MBRC401 – 27m at 3.64g/t from 78 meters**
  - **Including 3m at 21.7g/t from 93m**
- **MBRC382 – 28m at 6.8g/t from 16m**

These results confirmed and extended the high grade mineralisation at the Dalafuma prospect where in 2012 drilling encountered:

- **MBRC349 – 16m at 11.96g/t from 65m**
  - **Including 5m at 27.7 g/t from 71**

Subsequent to the year end, further assay results were received and additional drilling completed on the Miyabi project. Best results from the Dalafuma and Dalafuma Northwest are as follows:

- **MBRC421 – 18m at 6.9g/t from 111m**
  - **Including 3m at 21.4g/t from 126**
- **MBRC398 – 23m at 4.22 g/t from 45m**
- **MBRC396 – 42m at 0.68g/t from 18**
  - **Including 6m at 2.51g/t from 18**
- **MBRC 419 – 30m at 0.9g/t from 72m**
  - **Including 9m at 1.67g/t from 75m**

The Dalafuma prospect remains open down dip and along strike and has the potential to add additional ounces with a continued focused approach to future exploration. The Current resource estimates at Dalafuma are as follows:

| Classification | Tonnes | Au g/t | Au Ounces |
|---|---|---|---|
| Indicated | 540,000 | 5.4 | 94,000 |
| Inferred | 724,000 | 3.1 | 73,000 |
| Total | 1,264,000 | 4.1 | 167,000 |

The Directors are highly encouraged with the progress at Miyabi and have, since year end, commissioned a review of the entire geological data base in order to prioritise future drilling campaigns and how to best utilise shareholder funds with the goal of increasing the current JORC resources on the project.

**Kitongo Gold Project RVY 100% - 370,000 Oz JORC 2012 Resource**

The Kitongo gold project is located 90km south of Mwanza within the Lake Victoria Goldfields of Tanzania (Figure 1). Extensive exploration at the Kitongo Project was carried out from 1994 to 2001. The work was very successful and led to the delineation of the 370,000oz Main Zone Inferred Mineral Resource as well as a number of other substantial gold prospects including Kitongo Hill and Isgenge. At each of the prospect areas, high grade gold mineralisation has been intersected in numerous drill holes where mineralisation remains open and untested.

During the year the company successfully completed a reverse circulation drilling program that was carried out confirmed the main zone resource and defined the southern limb extensions to the main zone mineralization. The main zone resource remains open at depth and along strike.

Subsequent to the reporting period, the company has also commenced a geophysical review of the entire Kitongo data base for the purpose of designing future drilling campaigns aiming to extend the known mineralisation and for the targeting of new gold bearing zones within the project area.

### Mtemi Transaction

During the Year, RVY signed a sale and purchase agreement to acquire 100% of the Mtemi Resources Group of Companies (“Mtemi”) (the “Acquisition”).

### Background on Mtemi

Mtemi is a private group of companies with a portfolio of gold, copper and uranium exploration tenements in Tanzania. In addition, Mtemi owns assets including a drill rig, trucks and other equipment which will be beneficial to Rift’s existing operations in Tanzania. Importantly from Rift’s perspective, Mtemi also has a sophisticated shareholder base of successful Tanzanian and international businessmen who bring with them valuable Tanzanian and general African experience and technical capabilities.

### Terms of the Acquisition

The consideration for the acquisition of Mtemi will be satisfied by the issue of 32,000,000 Rift ordinary fully paid shares (subject to 12 months escrow) and 42,855,000 unlisted Rift options with a term of 3 years, exercisable at 6c.

The acquisition was approved by shareholders on 30 April 2015, however the completion did not occur until 27 July 2015 as certain condition precedents needed to be met.

## ANGOLA

### OZANGO PROJECT

### Background

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 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 an 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.

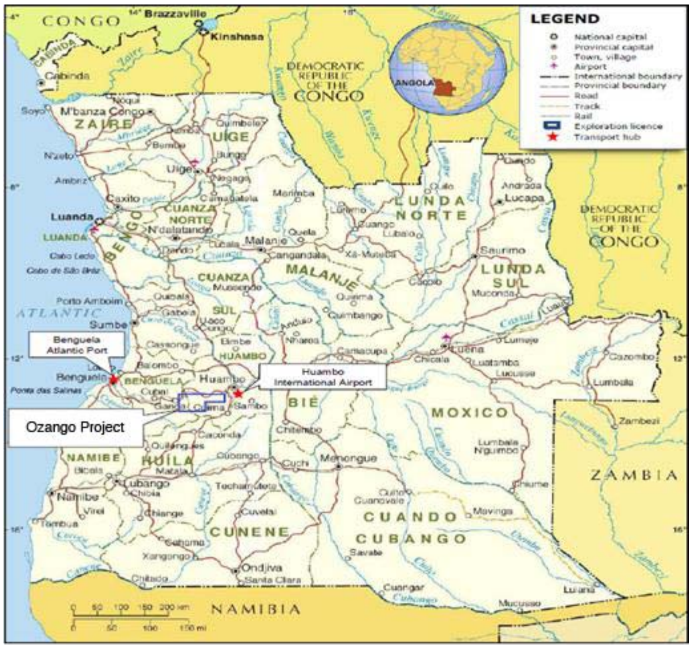



*Figure 1: Location of Ozango Project in Angola*

### 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.

**CATABOLA COPPER/GOLD TARGET**

The Catabola copper-gold target comprises an area of approximately 180km2 with two separately identified 7.5km mineralized zones both trending northwest to southeast, 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**

During the year the company completed site works (drill pads and access tracks) for a pending drilling campaign at Cassenha Hill. This included the rehabilitation of 12km's of gravel road from the town of Catabola. Subsequent to year end, the company has commenced the repairs to the Cassenha Hill campsite and has purchased consumables and equipment for future exploration campaigns within the Catabola prospect area.

**Background**

Copper workings at Cassenha Hill in the 1940s and 1950s included 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 may well 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 been the main focus with numerous adits geologically mapped and channel sampled. Better results from sampling undertaken by Aurum Exploration Services include:

*Adit Channel sampling*

- 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.

*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 scheduled to commence in October 2015.

### 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 interpretation indicates that it could 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

### Background

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 passes 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 polymictic, 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 sparse but the residual soils are relatively thin enabling effective first pass exploration. Previous exploration completed to date over the Longonjo carbonatite by , 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.

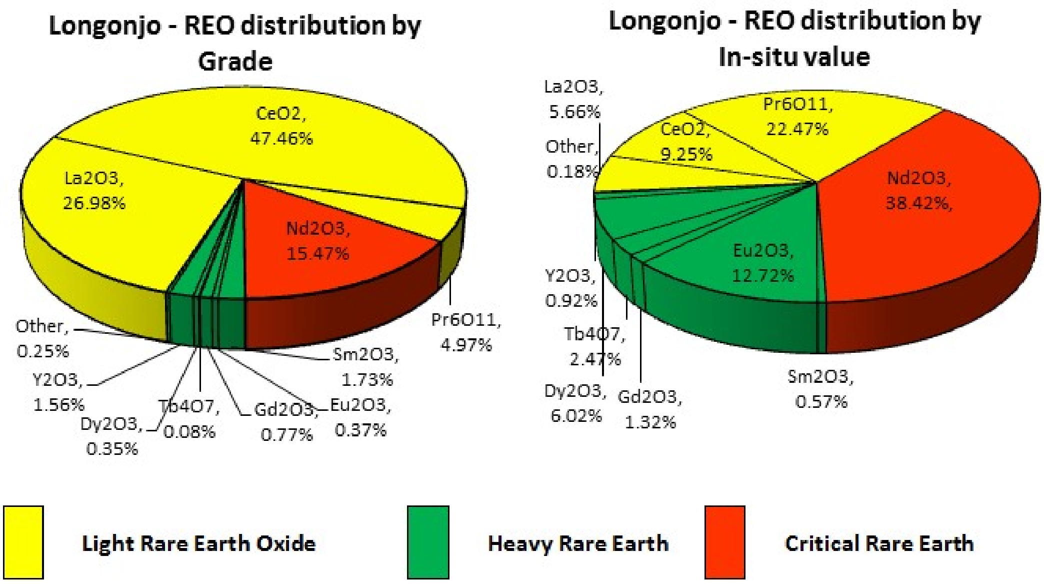
First pass exploratory drilling completed at the Company's Longonjo prospect in February 2014 tested the robust geochemical anomaly and returned high grade rare earth assays, as total rare earth oxides (TREO), from every hole. From a total of 168 composite samples generated during the campaign, the highest 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

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 initial testwork suggested that the Longonjo material was most likely suited to physical upgrading via flotation. As such, a programme was planned to collect sufficient material for quantitative mineralogy (QEMSCAN) as well as leaching and flotation test work. A 50kg bulk sample was shipped to Magspec laboratories in Perth for Metallurgical, Flotation and scoping study purposes. Beneficiation test work to date has produced a concentrate containing 19.44% Rare Earth Oxides (REO). The testwork is ongoing.

**Concession Wide Stream Sediments Program**

During the June 2015 quarter, a concession wide stream sediment program initiated. The first pass will collect over 600 samples to complete a geochemical screen over the 3760km² concession on a nominal 5km² catchment area. An ultrafine (-63um) sample will be collected at site and submitted for multi element analysis as received. Sampling has been prioritised to target structures and deformation zones interpreted from satellite imagery, in the initial stages before completing the remainder of the project area. It is envisaged that this geochemistry, in combination with the country wide aeromagnetics survey being flown by the Angolan government, will efficiently delineate additional targets in what is predominantly an unexplored Archaean granite greenstone terrane.

# Corporate

### A$4 million Placement

In conjunction with the Acquisition, Rift has successfully raised A$4 million with institutional and sophisticated investors at 2.5 cents per share (“Placement”).

The issue was approved by shareholders at a general meeting of shareholders held on 30 April 2015.

Funds raised from the Placement will go towards further drilling and resource development at the Company’s projects in Tanzania and for drilling, trenching, stream sediment sampling, acquisition and interpretation of the airborne survey recently undertaken by the Angolan Government at its Ozango project in Angola. Funds will also be available for new opportunities and general working capital.

### 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

On 27 July 2015, the acquisition of Mtemi Group of companies was completed. As part of the acquisition the company issued 32,000,000 fully paid ordinary shares (escrowed for 12 months) and 42,855,000 unlisted options expiring 27 July 2018 with and exercise price of $0.06.

The company also issued the following securities subsequent to year end:

- 1,000,000 fully paid shares
- 500,000 fully paid shares on conversion of performance rights
- 2,500,000 unlisted options expiring 27 July 2018 with an exercise price of $0.06.

### 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".*

*The information in this report that relates the Exploration Results and Mineral Resources for the Kitongo and Miyabi gold deposits is based on information compiled by Mr Paul Payne, a full time employee of Payne Geological Services and a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a consultant to and a shareholder of Rift Valley Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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**

At the date of this report there are no unissued shares or interests under option.

During the year, the following unissued shares or interests under option expired:

| 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 did not have the right, by virtue of the option, to participate in any share issue. Each option was 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:

| | Board meetings | |
|---|---|---|
| Directors | Held | Attended |
| G Gilmour | 4 | 4 |
| G Cunnold | 4 | 4 |
| G Clatworthy | 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 | Performance Rights |
|---|---|---|
| G Gilmour | 16,451,537 | - |
| G Clatworthy | 9,150,000 | 2,000,000 |
| G Cunnold | 11,336,000 | - |

# 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 Director) appointed 10 February 2014;
- S Mison (Company Secretary) appointed 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 2015:

| Description | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|---|---|---|---|---|---|
| Income | $14,142 | $84,501 | $185,897 | $128,678 | $128,076 |
| Net loss before tax | $1,525,914 | $1,129,479 | $4,271,472 | $1,749,094 | $2,340,589 |
| Net loss after tax | $1,525,914 | $1,129,479 | $4,271,472 | $1,749,094 | $2,340,589 |
| Share price at start of year | 1.8 cents | 2.2 cents | 10 cents | 14 cents | 8 cents |
| Share price at end of year | 2.5 cents | 1.8 cents | 2.2 cents | 10 cents | 14 cents |
| Market capitalisation | $12.4m | $5.9m | $6.3m | $28.7m | $25.5m |
| Basic (loss) per share | (0.46) cents per share | (0.34) cents per share | (1.76) cents per share | (0.96) cents per share | (1.49) cents per share |
| Diluted (loss) per share | (0.46) cents per share | (0.34) cents per share | (1.76) cents per share | (0.96) cents per share | (1.49) 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 (i) | Super-annuation | | Options & rights | Total | |
| | $ | $ | $ | $ | $ | $ | $ | $ | % |
| **2015** | | | | | | | | | |
| **Non-Executive Directors** | | | | | | | | | |
| G Clatworthy | 50,000 | - | - | 54,795 | 9,955 | - | 48,658 | 163,407 | - |
| | | | | | | | | | |
| **Executive Directors** | | | | | | | | | |
| G Gilmour (i) | 50,000 | - | - | 180,000 | 4,750 | - | 33,567 | 268,317 | - |
| G Cunnold | 50,000 | - | - | 16,438 | 6,312 | - | - | 72,750 | - |
| | | | | | | | | | |
| **Executives** | | | | | | | | | |
| S Mison | 96,000 | - | - | - | - | - | 8,392 | 104,392 | - |
| | | | | | | | | | |

(i) Other benefits relate to fees for consulting services provided. Mr Geoffrey Gilmour has earned 180,000 for consulting services. Of this, 60,000 remains accrued at 30 June 2015.

| | 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.

**Share-based Payments**

***Performance Rights***

During the 2015 financial year, 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 |
|---|---|---|---|---|---|
| Graeme Clatworthy | 2,000,000 | 12 months service | 20 Nov 2014 | 20 Nov 2015 | 20 Nov 2015 |

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 2015:

| | Performance Rights |
|---|---|
| Grant date | 20 November 2014 |
| Number of performance rights | 2,000,000 |
| Share price | 4.0 cents |
| Exercise price | 0 cents |
| Weighted average fair value | 4.0 cents |
| Total amount | $80,000 |
| Expensed to 30 June 2015 | $48,658 |

***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. |
|---|---|---|---|---|---|
| **2015** | | | | | |
| G Gilmour | 11,501,537 | - | - | 3,600,000 | 15,101,537 |
| G Clatworthy | 8,085,000 | - | - | 615,000 | 8,700,000 |
| G Cunnold | 11,336,000 | - | - | - | 11,336,000 |
| | | | | | |
| **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. | Options vested during year No. |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | | |
| G Gilmour | 5,000,000 | - | - | (5,000,000) | - | - | - | - | - |
| G Clatworthy | 5,000,000 | - | - | (5,000,000) | - | - | - | - | - |
| G Cunnold | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **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 2015 financial year there were no options issued as share-based payments to directors and key management personnel.

## 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, no 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.

# Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the period ended 30 June 2015, 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 and Recommendations. The ASX Corporate Governance Council ("the Council") issued the third edition of the Corporate Governance Principles and Recommendations in March 2014.

***Introduction***

Rift Valley Resources Limited has adopted systems of control and accountability as the basis for the administration of corporate governance.

Additional information about the Company's corporate governance policies and practices is set out on the Company's website at www.riftvalleyresources.com.au, including:

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

**ASX Corporate Governance Council Principles and Recommendations**

In accordance with ASX Listing Rules, the Company hereby discloses the extent to which each of the ASX Corporate Council Governance 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. Further details can be found on the Company's website at www.riftvalleyresources.com.au.

| | | |
|---|---|---|
| **Principle 1: Lay solid foundations for management and oversight** | **Recommendation 1.1**<br>A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | The Company complies with this recommendation.<br>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. |
| | **Recommendation 1.2**<br>A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | The Company complies with this recommendation. |
| | **Recommendation 1.3**<br>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | The Company complies with this recommendation. |
| | **Recommendation 1.4**<br>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | The Company complies with this recommendation.<br>The company secretary is accountable directly to the board. |

| | | |
|---|---|---|
| | **Recommendation 1.5**<br>A listed entity should:<br>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;<br>(b) disclose that policy or a summary of it; and<br>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:<br>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or<br>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | The Company partly complies with this recommendation.<br>A diversity policy was adopted on 14 August 2012 and a copy of the Company's Diversity policy is available on the Company's website.<br>The policy does not contain measurable objectives for achieving gender diversity as the Company is not of a sufficient size or scale to justify application of such objectives.<br>The Company currently employs no women and there are no women on the board of Directors. |
| | **Recommendation 1.6:**<br>A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | The Company complies with this recommendation.<br>The Chairman will undertake a periodic review in relation to the performance of each Director of the Company. The Board will also meet to discuss its performance as a whole.<br>No review was undertaken during the year ended 30 June 2015. |
| | **Recommendation 1.7**<br>A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | The Company complies with this recommendation.<br>Arrangements put in place by the Board to monitor the performance of the Group's executives include:<br>• a review by the Board of the achievement of performance targets set based on the organisation's objectives in accordance with its strategy;<br>• comparison of executive remuneration levels to industry benchmarks; and<br>• 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.<br>No review was undertaken during the year ended 30 June 2015. |
| **Principle 2: Structure the board to add value** | **Recommendation 2.1**<br>The board of a listed entity should:<br>(a) have a nomination committee which:<br>1) has at least three members, a majority of whom are independent directors; and<br>2) is chaired by an independent director, and disclose:<br>3) the charter of the committee;<br>4) the members of the committee; and<br>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | The Company complies with part b) of this recommendation.<br>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. |

| | | |
|---|---|---|
| | **Recommendation 2.2**<br>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | The company complies with this recommendation |
| | **Recommendation 2.3**<br>A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | The company complies with this recommendation.<br>Currently no board members are independent. |
| | **Recommendation 2.4**<br>A majority of the board of a listed entity should be independent directors. | The Company does not comply with this recommendation.<br>The Board believes that it is able to exercise independence and judgement and possesses 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. |
| | **Recommendation 2.5**<br>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | The Company does not comply with this recommendation.<br>The Chair, Mr Geoffrey Gilmour, is not considered to be independent. However, the Board believes that Geoffrey Gilmour's extensive experience enables him to effectively exercise independence in his role as Executive Chairman.<br>The roles of both Chairman and CEO are exercised by Mr Geoffrey Gilmour. Given his skills, experience and knowledge of the Company, the Board considers that it is appropriate for him to be Chairman |
| | **Recommendation 2.6**<br>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | The Company complies with this recommendation. |
| **Principle 3: Act ethically and responsibly** | **Recommendation 3.1**<br>A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it. | The Company complies with this recommendation.<br>The Company has a Code of Conduct which can be accessed on the company website. |

| | | |
|---|---|---|
| **Principle 4: Safeguard integrity in corporate reporting** | **Recommendation 4.1**<br>The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of the members of the committee; and<br>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | The Company complies with part b) of this recommendation.<br>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.<br>The current policy of the external auditor is to rotate the engagement partner every five years. |
| | **Recommendation 4.2**<br>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | The Company complies with this recommendation.<br>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. |
| | **Recommendation 4.3**<br>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | The Company complies with this recommendation.<br>The Company's external auditors attend the AGM each year. |
| **Principle 5: Make timely and balanced disclosure** | **Recommendation 5.1**<br>A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | The Company complies with this recommendation.<br>The Company has adopted a Continuous Disclosure Policy which is available on its website. |
| **Principle 6: Respect the rights of security holders** | **Recommendation 6.1**<br>A listed entity should provide information about itself and its governance to investors via its website. | The Company complies with this recommendation.<br>Information regarding the Company, its activities and its corporate governance is available on its website. |
| | **Recommendation 6.2**<br>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | The Company complies with this recommendation.<br>The Company has adopted a Shareholder Communication Policy which is available on its website. |
| | **Recommendation 6.3**<br>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | The Company complies with this recommendation.<br>The Company has adopted a Shareholder Communication Policy which is available on its website. |

| | | |
|---|---|---|
| | **Recommendation 6.4**<br><br>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | The Company complies with this recommendation.<br><br>Shareholders are able to the option to receive communications from, and send communications to, the entity and its security registry electronically via email or by submitting queries via the Company's website. |
| **Principle 7: Recognise and manage risk** | **Recommendation 7.1**<br><br>The board of a listed entity should:<br><br>(a) have a committee or committees to oversee risk each of which:<br><br>(1) has at least three members, a majority of whom are independent directors; and<br><br>(2) is chaired by an independent director,<br><br>and disclose:<br><br>(3) the charter of the committee;<br><br>(4) the members of the committee; and<br><br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br><br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | The Company complies with part b) of this recommendation.<br><br>The Company has a Risk Management Policy outlining the processes it employs for overseeing the entity's risk management framework and is available on the website. |
| | **Recommendation 7.2**<br><br>The board or a committee of the board should:<br><br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br><br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | The Company complies with this recommendation.<br><br>A review was not completed in 2015. |
| | **Recommendation 7.3**<br><br>A listed entity should disclose:<br><br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br><br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | The Company complies with part b) of this recommendation.<br><br>The Company does not have an internal audit function. Due to the size and scale of the Company, it was agreed that effectiveness of its risk management and internal control processes should be considered by the full Board. |
| | **Recommendation 7.4**<br><br>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | The Company complies with this recommendation.<br><br>Refer to the Directors Report. |

| | | |
|---|---|---|
| **Principle 8: Remunerate fairly and responsibly** | **Recommendation 8.1**<br>The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | The Company complies with part b) of this Recommendation.<br>Due 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. |
| | **Recommendation 8.2**<br>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | The Company complies with this recommendation.<br>The board 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;<br>(i) fixed components that reflect the person’s responsibilities, duties and personal performance; and<br>(ii) share based payments in the form of performance rights and/or options as an incentive for performance that achieves medium term or longer term goals.<br>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.<br>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. |
| | **Recommendation 8.3**<br>A listed entity which has an equity-based remuneration scheme should:<br>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. | The Company complies with this Recommendation.<br>The Company has established a Performance Rights Plan, which is available on the Company’s website. |

## Auditor's independence declaration

The auditor's independence declaration is included on page 25 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 2015

# Auditor's Independence Declaration

As lead auditor for the review of 1-Page Limited for the half-year ended 31 July 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 1-Page Limited and the entities it controlled during the period.

William P R Meston
Partner
PricewaterhouseCoopers

Perth
30 September 2015

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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 2015, 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 2015 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 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

D A Hall
Partner
Perth
30 September 2015

## 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 2015 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 2015.

On behalf of the Directors,

Mr Geoffrey Gilmour
Managing Director
Perth, 30 September 2015

# Financial Statements

**FOR THE YEAR ENDED 30 JUNE 2015**

## Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

| | Note | 30 Jun 2015 A$ | 30 Jun 2014 A$ |
|---|---|---|---|
| Interest revenue | | 14,143 | 84,501 |
| Exploration expenses | | - | (57,782) |
| Administration expenses | | (273,454) | (302,008) |
| Corporate expenses | | (889,282) | (780,681) |
| Net loss on available for sale assets | | - | (21,000) |
| Marketing expenses | | - | (12,100) |
| Gain / (Loss) on disposal of assets | | - | 31,091 |
| Impairment of available for sale financial assets | | (29,375) | (63,750) |
| Doubtful debt expense | 9 | (312,657) | - |
| Foreign currency exchange gain/ (loss) | | (35,289) | (7,750) |
| **Loss from operations before finance costs** | | **(1,525,914)** | **(1,129,479)** |
| Finance costs | | - | - |
| **Loss before income tax** | | **(1,525,914)** | **(1,129,479)** |
| Income tax benefit | | - | - |
| **Total loss for the period** | | **(1,525,914)** | **(1,129,479)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | 1,425,834 | 391,160 |
| Available for sale financial asset revaluation | 10 | (29,375) | (63,750) |
| Available for sale financial asset impairment | 10 | 29,375 | 63,750 |
| **Total comprehensive income / (loss) for the period** | | **(100,080)** | **(738,319)** |
| **Net income / (loss) for the period is attributable to:** | | | |
| Owners of Rift Valley Resources Limited | | **(100,080)** | **(738,319)** |
| **Total comprehensive income / (loss) is attributable to:** | | | |
| Owners of Rift Valley Resources Limited | | **(100,080)** | **(738,319)** |
| **Gain / (loss) per share attributable to owners of Rift Valley Resources Ltd:** | | | |
| Basic (cents per share) | 18 | (0.46) | (0.34) |
| Diluted (cents per share) | 18 | (0.46) | (0.34) |

Notes to the financial statements are included on pages 34 to 59.

# Consolidated Statement of Financial Position as at 30 June 2015

| | Note | 30 Jun 2015 A$ | 30 Jun 2014 A$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 8 | 3,331,185 | 2,141,626 |
| Trade and other receivables | 9 | - | 276,732 |
| Deposits | | 32,185 | 23,649 |
| Prepayments | | 21,619 | 23,649 |
| | | 3,384,989 | 2,442,007 |
| **Current assets classified as held for sale** | | | |
| Available-for-sale financial assets | 10 | 156 | 29,531 |
| **TOTAL CURRENT ASSETS** | | 3,385,145 | 2,471,538 |
| **NON-CURRENT ASSETS** | | | |
| Receivables | 9 | 55,381 | - |
| Property, plant and equipment | 12 | 36,278 | 85,058 |
| Exploration and evaluation expenditure | 13 | 12,597,762 | 9,771,422 |
| **TOTAL NON-CURRENT ASSETS** | | 12,689,421 | 9,856,480 |
| **TOTAL ASSETS** | | **16,074,566** | **12,328,018** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 14 | 747,529 | 197,993 |
| **TOTAL CURRENT LIABILITIES** | | 747,529 | 197,993 |
| **TOTAL LIABILITIES** | | **747,529** | **197,993** |
| **NET ASSETS** | | **15,327,037** | **12,130,025** |
| **EQUITY** | | | |
| Issued capital | 15 | 34,461,535 | 31,279,387 |
| Reserves | 16 | 3,614,155 | 2,073,375 |
| Accumulated losses | 17 | (22,748,651) | (21,222,737) |
| **TOTAL EQUITY** | | **15,327,037** | **12,130,025** |

Notes to the financial statements are included on pages 34 to 59.

# Consolidated Statement of Changes in Equity for the financial year ended 30 June 2015

| | Fully paid ordinary shares | Accumulated Losses | Foreign Currency Reserve | Share Option Reserve | Available for sale Reserve | Total |
|---|---|---|---|---|---|---|
| | A$ | A$ | A$ | A$ | A$ | A$ |
| **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 | - | - | 391,160 | - | - | 391,160 |
| Decrement in AFS fair value | - | - | - | - | (63,750) | (63,750) |
| Impairment of AFS financial asset | - | - | - | - | 63,750 | 63,750 |
| Total comprehensive loss 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 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** |
| Balance at 1 July 2014 | 31,279,387 | (21,222,737) | (408,963) | 2,482,338 | - | 12,130,025 |
| Loss for the year | - | (1,525,914) | - | - | - | (1,529,914) |
| Other comprehensive income | - | - | 1,425,834 | - | - | 1,425,834 |
| Decrement in AFS fair value | - | - | - | - | (29,375) | (29,375) |
| Impairment of AFS financial asset | - | - | - | - | 29,375 | 29,375 |
| Total comprehensive income for the year | - | (1,525,914) | 1,425,834 | - | - | (100,080) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of shares | 4,000,000 | - | - | - | - | 4,000,000 |
| Issue of shares – Miyabi acquisition | 128,593 | - | - | - | - | 128,593 |
| Shares cancelled and not to be issued | (700,000) | - | - | - | - | (700,000) |
| Share issue costs refund / (expense) | (246,445) | - | - | - | - | (246,445) |
| Share based payments | - | - | - | 114,946 | - | 114,946 |
| **Balance at 30 June 2015** | **34,461,535** | **(22,748,651)** | **1,016,871** | **2,597,284** | **-** | **15,327,037** |

Notes to the financial statements are included on pages 34 to 59.

## Consolidated Statement of Cash Flows for the financial year ended 30 June 2015

| | Note | Year ended 30 Jun 2015 A$ | Year ended 30 Jun 2014 A$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | 23 | (516,910) | (792,726) |
| **Net cash used in operating activities** | | **(516,910)** | **(792,726)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | | 14,142 | 84,501 |
| Payments for property, plant and equipment | | (2,951) | - |
| Payment for deposit | | (32,185) | - |
| Proceeds from disposal of assets | | - | 58,103 |
| Proceeds from available-for-sale investments | | - | 374,000 |
| Payments for exploration expenditure | | (2,111,386) | (1,193,000) |
| **Net cash used in investing activities** | | **(2,132,380)** | **(676,396)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of equity securities | | 4,000,000 | - |
| Share issue costs | | (221,445) | - |
| **Net cash provided by financing activities** | | **3,778,555** | **-** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,129,265** | **(1,469,122)** |
| | | | |
| Cash and cash equivalents at the beginning of the period | | 2,141,626 | 3,507,063 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 60,294 | 103,685 |
| **Cash and cash equivalents at the end of the period** | 23 | **3,331,185** | **2,141,626** |

Notes to the financial statements are included on pages 34 to 59.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 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 Ground Floor, 10 Outram Street, West Perth WA 6005.

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 2012-3 | Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities<br>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. |
| AASB 2013-3 | Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets<br>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. |
| AASB 2013-7 | Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]<br>AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source of consolidation requirements applicable to life insurance entities. |
| AASB 1031 | Materiality<br>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.<br>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.<br>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*. |
| AASB 2013-9 | Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments<br>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.<br>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.<br>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.<br>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. |
| AASB 2014-1<br>Part A -Annual Improvements 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.<br>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:<br>► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.<br>► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.<br>► 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 |

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| Reference | Title |
|---|---|
| | reportable segment assets to the entity's total assets.<br>► 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.<br>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 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. |
| AASB 2014-1<br>Part A -Annual Improvements 2011–2013 Cycle | Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:<br>► 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 whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.<br>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. |
| Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053] | The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:<br>• clarify that AASB 1053 relates only to general purpose financial statements;<br>• make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards;<br>• clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and<br>specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements. |

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 9 | Financial Instruments | AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.<br>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.<br>Classification and measurement<br>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.<br>The main changes are described below. | 1 January 2018 | 1 July 2018 |

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| Reference | Title | Summary | Application date of standard | Application date for Group |
|---|---|---|---|---|
| | | Financial assets<br>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.<br>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.<br>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.<br>Financial liabilities<br>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.<br>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:<br>► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)<br>► The remaining change is presented in profit or loss<br>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 or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.<br>Impairment<br>The final version of AASB 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.<br>Hedge accounting<br>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.<br>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.<br>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.<br>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December | | |

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| Reference | Title | Summary | Application date of standard | Application date for Group |
|---|---|---|---|---|
| | | 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015. | | |
| AASB 2014-3 | Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations<br>[AASB 1 & AASB 11] | AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:<br>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and<br>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.<br>This Standard also makes an editorial correction to AASB 11 | 1 January 2016 | 1 July 2016 |
| AASB 15 | Revenue from Contracts with Customers | AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).<br>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:<br>(a) Step 1: Identify the contract(s) with a customer<br>(b) Step 2: Identify the performance obligations in the contract<br>(c) Step 3: Determine the transaction price<br>(d) Step 4: Allocate the transaction price to the performance obligations in the contract<br>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation<br>Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A)<br>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including | 1 January 2017 | 1 July 2017 |

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| Reference | Title | Summary | Application date of standard | Application date for Group |
|---|---|---|---|---|
| | | Interpretations) arising from the issuance of AASB 15. | | |
| AASB 2014-10 | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:<br><br>(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and<br>(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.<br><br>AASB 2014-10 also makes an editorial correction to AASB 10.<br><br>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted. | 1 January 2016 | 1 July 2016 |
| AASB 2015-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | ► The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. | 1 January 2016 | 1 July 2016 |
| AASB 2015-3 | Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality | ► The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. | 1 July 2015 | 1 July 2015 |
| AASB 2015-4 | Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent | The amendment aligns the relief available in AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures in respect of the financial reporting requirements for Australian groups with a foreign parent | 1 July 2015 | 1 July 2015 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 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 2015.

**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 2015.

Subsidiaries are all those entities controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is shown at note 22. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. All controlled entities have a June financial year-end.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased through an equity transaction.

**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

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 and presentation currency of the Company and its Australian subsidiaries.
The functional currency of the non-Australian subsidiaries is US dollars.

*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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 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

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

*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 Performance Rights Plan (PRP), 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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 mmmmmthan being capitalised into the cost of the related 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 (2014: nil) 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 (2014: 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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(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. 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 | |
|---|---|---|---|---|---|---|---|---|
| | 2015 $ | 2014 $ | 2015 $ | 2014 $ | 2015 $ | 2014 $ | 2015 $ | 2014 $ |
| Total segment revenue | - | - | - | - | - | - | - | - |
| Segment expenses | - | - | (86,838) | (57,782) | (15,806) | (678) | (102,644) | (58,460) |
| Impairment expense | - | - | - | - | - | - | - | - |
| Total segment profit / (loss) | - | - | (86,838) | (57,782) | (15,806) | (678) | (102,644) | (58,640) |
| Total segment assets | - | - | 9,761,111 | 7,577,286 | 2,836,651 | 2,194,135 | 12,597,762 | 9,771,422 |
| Total segment liabilities | - | - | (57,329) | (46,507) | - | - | (57,329) | (46,507) |

| | 2015 $ | 2014 $ |
|---|---|---|
| **Other Segment Information** | | |
| Segment expense | (102,644) | (58,640) |
| Impairment expense | - | - |
| Administration expenses | (273,456) | (302,008) |
| Corporate expenses | (786,639) | (780,681) |
| Marketing expenses | - | (12,100) |
| Impairment of available for sale financial assets | (29,375) | (63,750) |
| Doubtful debts expense | (312,657) | - |
| Loss on disposal of assets | - | (21,000) |
| Foreign currency exchange gain/(loss) | (35,289) | (7,750) |
| **Total expenses** | (1,540,060) | (1,245,929) |
| | | |
| **Segment assets reconcile to total assets as follows:** | | |
| Segment assets | 12,597,762 | 9,771,422 |
| Current assets | 3,384,989 | 2,442,007 |
| Property, plant and equipment | 36,278 | 85,058 |
| Corporate Assets | 55,537 | 29,531 |
| **Total assets** | 16,074,566 | 12,328,018 |

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| | | |
|---|---|---|
| **Segment liabilities reconcile to total liabilities as follows:** | | |
| Segment liabilities | (57,329) | (46,507) |
| Current liabilities | (690,200) | (151,486) |
| **Total liabilities** | (747,529) | (197,993) |
| | | |
| **Segment loss reconcile to loss before tax as follows:** | | |
| Segment loss | (102,644) | (58,640) |
| Interest revenue | 14,143 | 84,501 |
| Administration expenses | (273,456) | (302,008) |
| Corporate expenses | (786,638) | (780,003) |
| Impairment of available for sale financial assets | (29,375) | (63,750) |
| Marketing expenses | - | (12,100) |
| Doubtful debts expense | (312,657) | - |
| Loss on disposal of assets | - | (21,000) |
| Gain on disposal of assets | - | 31,091 |
| Foreign currency exchange | (35,289) | (7,750) |
| **Loss before income tax** | (1,525,914) | (1,129,479) |

### 6. Other Expenses

Loss for the year includes the following expenses:

| | | |
|---|---|---|
| **Operating lease rental expenses:** | | |
| Lease payments | 50,904 | 88,637 |
| | | |
| **Depreciation on non-current assets:** | | |
| Property, plant and equipment | 69,957 | 132,435 |
| | | |
| **Employee Benefits** | | |
| *Charged to statement of comprehensive income* | | |
| Performance rights granted to directors, officers and employees | 114,946 | 25,541 |
| Directors fees, superannuation and salaries & wages | 405,812 | 500,084 |
| | 520,758 | 525,625 |
| *Capitalised to exploration and evaluation costs* | | |
| Salaries & wages and superannuation | - | 27,460 |

Key management personnel remuneration disclosed in note 25 includes amounts in “Employee benefits” disclosed above.

### 7. Income Taxes

| | 2015 $ | 2014 $ |
|---|---|---|
| **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:

| | | |
|---|---|---|
| Loss from continuing operations | (1,525,914) | (1,129,479) |
| Income tax benefit calculated at 30% | (457,774) | (338,843) |
| Tax effects of amounts which are not deductible in calculating taxable income | 34,484 | 26,787 |
| Tax assets not brought to account | 423,290 | 312,057 |
| Total tax expense/(benefit) | - | - |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| | | |
|---|---|---|
| The following deferred tax assets/liabilities have not been brought to account: | | |
| Share issue costs | 143,860 | 31,871 |
| Unused tax losses (a) | 4,648,080 | 4,199,002 |
| Accruals | 53,495 | 32,788 |
| Exploration and evaluation expenditure | (702,958) | (805,566) |

(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 2015 aggregate $15,493,600 (2014: $13,996,672).

**8. Cash and Cash Equivalents**

| | | |
|---|---|---|
| Cash at bank and on hand | 3,331,185 | 2,141,626 |
| | 3,331,185 | 2,141,626 |

**9. Trade and Other Receivables**

| | | |
|---|---|---|
| Current | | |
| Other debtors | 312,657 | 276,732 |
| Less provision for doubtful debt | (312,657) | - |
| | - | 276,732 |

Due to uncertainties in recovering the Tanzanian VAT balance, the amount has been fully provided for.

| | | |
|---|---|---|
| Non-Current | | |
| Receivables | 55,381 | - |
| | 55,381 | - |

The non-current receivable relates to prepaid exploration expenditure on behalf of Mtemi, prior to finalising the acquisition.

**10. 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").

| | 2015 $ | 2014 $ |
|---|---|---|
| Opening balance | 29,531 | 93,281 |
| Impairment of asset | (29,375) | (63,750) |
| Listed shares classified as current assets held for sale | 156 | 29,531 |

*(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.

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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

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

| | Sovereign | | Total | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $ | $ | $ | $ |
| Fair value adjustment | (29,375) | (63,750) | (29,375) | (63,750) |
| Add: cash consideration | - | - | - | - |
| Less: expenses incurred | - | - | - | - |
| Total gain/(loss) for the year | (29,375 | (63,750) | (29,375 | (63,750) |

### 11. Parent Entity Disclosure

The following details information related to the parent entity, Rift Valley Resources Ltd as at 30 June 2015. The information presented has been prepared using consistent accounting policies as presented in Note 3.

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Current assets | 3,163,564 | 2,085,740 |
| Non-current assets | 19,142,117 | 19,714,332 |
| Total assets | 22,305,681 | 21,800,072 |
| | | |
| Current liabilities | 689,106 | 151,486 |
| Non-current liabilities – intercompany loan | 6,207,574 | 6,207,574 |
| Total liabilities | 6,896,680 | 6,359,060 |
| | | |
| Contributed equity | 34,461,535 | 31,279,387 |
| Accumulated losses | (21,377,680) | (18,026,552) |
| Reserves | 2,298,688 | 2,210,618 |
| Total equity | 15,382,543 | 15,463,453 |
| | | |
| Loss for the year | (997,549) | (1,022,644) |
| Total comprehensive gain / (loss) for the year | (997,549) | (1,022,644) |

No guarantees have been entered into by the parent entity on behalf of subsidiaries during the period.

### 12. Property, Plant and Equipment

| | Motor Vehicles<br>$ | Plant and equipment at cost<br>$ | Total<br>$ |
|---|---|---|---|
| Balance at 1 July 2014 | 184,993 | 133,562 | 318,555 |
| Additions | - | 2,951 | 2,951 |
| Disposals | - | - | - |
| Exchange differences | 21,578 | (3,301) | 18,278 |
| Balance at 30 June 2015 | 206,571 | 133,213 | 339,784 |
| | | | |
| Accumulated depreciation | | | |
| Balance at 1 July 2014 | (113,998) | (119,499) | (233,497) |
| Transfers | - | - | - |
| Disposals | - | - | - |
| Depreciation expense | (66,161) | (3,796) | (69,957) |
| Exchange differences | - | (53) | (53) |
| Balance at 30 June 2015 | (180,159) | (123,347) | (303,506) |
| Net book value as at 30 June 2015 | **26,412** | **9,866** | **36,278** |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| | Motor Vehicles<br>$ | Plant and equipment at cost<br>$ | Total<br>$ |
|---|---|---|---|
| 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) |
| 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 |

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

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Computer Equipment | - | 22,963 |
| Furniture & Fittings | - | 16,071 |
| Plant and equipment | 3,796 | 15,618 |
| Motor vehicles | 66,161 | 77,783 |
| Total depreciation | 69,957 | 132,436 |

### 13. Exploration and Evaluation Expenditure

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Gross carrying value: | | |
| Balance at beginning of period | 9,771,422 | 6,822,379 |
| Additions | 2,239,979 | 2,685,218 |
| Foreign exchange | 1,286,361 | 263,824 |
| Shares not issued in relation to Sable Minerals | (700,000) | - |
| Balance at end of financial year | 12,597,762 | 9,771,422 |
| | | |
| Accumulated depreciation/amortisation and impairment | | |
| Balance at beginning of period | - | - |
| Impairment expense | - | - |
| Balance at end of financial year | - | - |
| | | |
| At the end of the financial year book value net of accumulated amortisation and impairment (ii) | 12,597,762 | 9,771,422 |

(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 (2014: nil) 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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 14. Trade and Other Payables

| | 2015 $ | 2014 $ |
|---|---|---|
| Trade, other payables and accrued expenses (i) | 747,529 | 197,993 |
| | 747,529 | 197,993 |

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

### 15. Issued Capital

| Company/Consolidated | 2015 No. | 2015 $ | 2014 No. | 2014 $ |
|---|---|---|---|---|
| **Fully paid ordinary shares** | | | | |
| Balance at beginning of the period | 329,580,110 | 31,279,387 | 287,080,110 | 29,729,387 |
| 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 not issued | - | (700,000) | | |
| Shares issued on vesting of Performance Rights | 3,750,000 | - | | |
| Shares issued as consideration for purchase of remaining 50% of Miyabi Gold Project | 4,148,170 | 128,593 | - | - |
| Share placement | 160,000,000 | 4,000,000 | - | - |
| Shares to be issued | - | - | - | 700,000 |
| Share issue costs refunds/(expenses) | - | (246,445) | - | - |
| Balance at end of financial year | 497,478,280 | 34,461,535 | 329,580,110 | 31,279,387 |

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 | |
|---|---|---|
| | 2015 $ | 2014 $ |
| 497,478,280 fully paid ordinary shares (2014: 329,580,110) | 34,461,535 | 31,279,387 |
| | 34,461,535 | 31,279,387 |

### Share options on issue

At the date of this report there are no unissued shares or interests under option, other than the performance rights.

Details of unissued shares or interests under option as at 30 June 2014 were 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 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### Performance Rights

Details of performance rights issued to key management personnel are as follows:

| Director / KMP | Number of Rights | Vesting Conditions | Grant date | Expiry date | Vesting date | Fair value at Grant date |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| Graeme Clatworthy | 2,000,000 | 12 months service | 20 Nov 2014 | 20 Nov 2015 | 20 Nov 2015 | 80,000 |
| | | | | | | |
| **2014** | | | | | | |
| 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 |

## 16. Reserves

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Share Option Reserve | 2,597,284 | 2,482,338 |
| Foreign Currency Translation Reserve | 1,016,871 | (408,963) |
| Available For Sale Reserve | - | - |
| | 3,614,155 | 2,073,375 |
| **Foreign Currency Translation Reserve** | | |
| Balance at beginning of financial year | (408,963) | (800,123) |
| Movements: | | |
| Translation adjustments (i) | (1,425,834) | 391,160 |
| Balance at end of financial year | 1,016,871 | (408,963) |
| | | |
| **Share Option Reserve** | | |
| Balance at beginning of financial year | 2,482,338 | 2,456,797 |
| Movements: | | |
| Issue of performance rights (ii) | 114,946 | 25,541 |
| Balance at end of financial year | 2,597,284 | 2,482,338 |
| | | |
| **Available For Sale Reserve** | | |
| Balance at beginning of financial year | - | - |
| Movements: | | |
| Revaluation of available for sale shares Note 10 | (29,375) | (63,750) |
| Impairment of available for sale shares | 29,375 | 63,750 |
| Balance at end of financial year | - | - |

(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 25 and 26 to the financial statements.

## 17. Accumulated Losses

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Balance at beginning of financial year | (21,222,737) | (20,093,258) |
| Net loss for the year | (1,525,914) | (1,129,479) |
| Balance at end of financial year | (22,748,651) | (21,222,737) |

## 18. Loss per Share

| | 2015 cents per share | 2014 cents per share |
|---|---|---|
| **Basic loss per share** | | |
| From continuing operations | 0.46 | 0.34 |
| Total basic loss per share | 0.46 | 0.34 |
| **Diluted loss per share** | | |
| From continuing operations | 0.46 | 0.34 |
| Total diluted loss per share | 0.46 | 0.34 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

*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:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Net loss | (1,525,914) | (1,129,479) |
| Losses used in the calculation of basic loss per share from continuing operations | (1,525,914) | (1,129,479) |
| Losses used in the calculation of basic loss per share attributable to ordinary shareholders | (1,525,914) | (1,129,479) |

| | 2015<br>No. | 2014<br>No. |
|---|---|---|
| Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share | 330,823,261 | 312,339,609 |
| Options | 3,000,000 | 17,500,000 |

**19. Dividends**

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

**20. 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.

No provision has been made in the accounts for minimum expenditure requirements in respect of tenements.

**(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 | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| <u>Operating lease expenditure</u> | | |
| Not longer than 1 year | 149,700 | 35,847 |
| Longer than 1 year and not longer than 5 years | 62,375 | - |
| Longer than 5 years | - | - |
| | 212,075 | 35,847 |

**(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 | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| <u>Exploration and evaluation expenditure</u> | | |
| Not longer than 1 year | 382,320 | 400,688 |
| Longer than 1 year and not longer than 5 years | 172,562 | 139,988 |
| Longer than 5 years | - | - |
| | 554,882 | 540,676 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 21. Contingent Liabilities and Contingent Assets

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.

### 22. Interests in Controlled Entities

| Name of entity | Country of incorporation | Ownership interest 2015 % | Ownership interest 2014 % |
|---|---|---|---|
| **Parent entity:** | | | |
| Rift Valley Resources Limited (i) | Australia | | |
| **Controlled entities:** | | | |
| Carlton Resources Pty Ltd | Australia | 100 | 100 |
| Carlton Miyabi Tanzania Limited | Tanzania | 100 | 100 |
| Carlton Kitongo Tanzania Limited | Tanzania | 100 | 100 |
| Bright Star Tanzania Limited | Tanzania | 100 | 100 |
| Rift Valley Resources (Africa) Pty Ltd | Australia | 100 | 100 |
| Rift Valley Resources Tanzania Limited | Tanzania | 100 | 100 |
| Tasman Goldfields Australia Operations Pty Ltd | Australia | 100 | 100 |
| Sable Minerals Pty Ltd | Australia | 100 | 100 |
| Sable Minerals GmbH | Germany | 100 | - |
| Ozango Minerais S.A. | Angola | 70 | 70 |

(i) Rift Valley Resources Ltd is the ultimate holding Company.

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

### 23. 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 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Cash and cash equivalents | 3,331,185 | 2,141,626 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Net loss | (1,525,914) | (1,129,479) |
| Add/less non cash items | | |
| Interest income | (14,143) | (84,501) |
| Doubtful debt expense | 312,657 | - |
| Depreciation | 69,957 | 132,436 |
| Share based payments | 114,946 | 25,541 |
| Exploration expensed | - | 57,782 |
| Unrealised FX (gain)/loss | 35,289 | 7,750 |
| Impairment of available for sale | 29,375 | 63,750 |
| Net loss on available-for-sale assets | - | 21,000 |
| Write down on available-for-sale assets | - | (63,750) |
| Gain on disposal of assets | - | (31,091) |
| (Increase)/decrease in assets: | | |
| Trade and other receivables | (90,642) | 148,688 |
| Prepayments | 2,030 | 15,114 |
| Increase/(decrease) in liabilities: | | |
| Trade and other payables | 549,537 | 2,073 |
| Provisions | - | (21,789) |
| Net cash used in operating activities | (516,910) | (792,726) |

## 24. 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 16, 17 and 18 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.

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

**(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 | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Financial Assets | | |
| Cash and cash equivalents | | |
| USD | 2,333,543 | 110,942 |
| | 2,333,543 | 110,942 |
| Net exposure | 2,333,543 | 110,942 |

A 5% change in the United States Dollar will increase or decrease net loss and accumulated losses by $116,677 (2014: $5,547)

***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 2015 and as at 30 June 2014:

## Notes to the Consolidated Financial Statements for the year ended 30 June 2015

| 2015 | 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 | | 3,331,185 | - | - | - | - | 3,331,185 |
| Fixed interest rate instruments | | - | - | - | 32,815 | - | 32,815 |
| | | 3,331,185 | - | - | 32,815 | - | 3,363,370 |
| Financial liabilities | | | | | | | |
| Non-interest bearing | | 747,529 | - | - | - | - | 747,529 |
| | | 747,529 | - | - | - | - | 747,529 |

| 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 | - | - | - | - | 197,992 |

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by $34,189 (2014: $21,416).

### 25. Key Management Personnel Compensation

| | 2015 $ | 2014 $ |
|---|---|---|
| Short-term employee benefits | 497,233 | 631,770 |
| Post-employment benefits | 21,017 | 13,303 |
| Termination benefits | - | - |
| Share-based payment | 90,616 | 25,541 |
| | 608,866 | 670,614 |

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

### 26. Share-based Payments

During the 2015 financial year there were no options issued, however 3,000,000 performance rights were issued.

| Name | Number of Rights | Vesting Conditions | Grant date | Expiry date | Vesting date |
|---|---|---|---|---|---|
| Graeme Clatworthy | 2,000,000 | 12 months service | 20 Nov 2014 | 20 Nov 2015 | 20 Nov 2015 |
| Consultants | 1,000,000 | Exploration milestones | 20 Nov 2014 | 20 Nov 2015 | 20 Nov 2015 |

During the same period, the following 17,500,000 options lapsed:

| 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 |

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

During the 2014 financial year there were no options issued. 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 |

### Reconciliation of options outstanding

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

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at beginning of the financial year | 17,500,000 | $0.17 | 43,887,500 | $0.19 |
| Issued during the financial year (as performance rights) | 3,000,000 | $0.0 | - | - |
| Exercised during the financial year | - | - | - | - |
| Expired during the financial year | (17,500,000) | $0.17 | (26,387,500) | $0.18 |
| Balance at end of the financial year | 3,000,000 | $0.0 | 17,500,000 | $0.17 |
| Exercisable at end of the financial year | - | - | 17,500,000 | $0.17 |

## 27. 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

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

### (b) Transactions with key management personnel and related parties

The aggregate compensation made to KMPs are disclosed in note 25 of the financial statements and details of the compensation has been provided in the remuneration report which forms part of the Directors' Report.

### (d) Other Transactions with Key Management Personnel and Related Parties

The following amounts have been disclosed as remuneration in note 25:

- The Company paid Willowood Corporate Pty Ltd, a Company associated with Mr. G Gilmour, consultancy fees of $180,000 during the current financial year (2014: $180,000).

# Notes to the Consolidated Financial Statements for the year ended 30 June 2015

### 28. Remuneration of auditors

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Remuneration of Ernst & Young as the auditor of the parent entity** | | |
| Audit or review of the financial report | 53,560 | 52,600 |
| **Related practice of the parent entity auditor** | | |
| Other non-audit services – taxation services | - | - |
| **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 | - | - |

### 29. Subsequent events

On 27 July 2015, the acquisition of Mtemi Group of companies was completed. As part of the acquisition the company issued 32,000,000 fully paid ordinary shares (escrowed for 12 months) and 42,855,000 unlisted options expiring 27 July 2018 with and exercise price of $0.06.

The company also issued the following securities subsequent to year end:

- 1,000,000 fully paid shares
- 500,000 fully paid shares on conversion of performance rights
- 2,500,000 unlisted options expiring 27 July 2018 with an exercise price of $0.06.

No other matters or circumstances have arisen since 30 June 2015 that have 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 9 September 2015 were as follows:

| Shares held | No. of Shareholders |
|---|---|
| 1-1,000 | 62 |
| 1,001-5,000 | 47 |
| 5,001-10,000 | 135 |
| 10,001-100,000 | 590 |
| 100,001 and over | 480 |
| **Totals** | 1,314 |

| Less than Marketable Parcel | Min Parcel size | Holders | Units |
|---|---|---|---|
| Shares | 25,000 | 420 | 4,210,260 |

### 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 9 September 2015 are listed below:

| Name | Number of Shares | Percentage |
|---|---|---|
| MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 60,000,000 | 12.13 |
| EAST AFRICA INTERNATIONAL LIMITED | 20,000,000 | 4.04 |
| J P MORGAN NOMINEES AUSTRALIA LIMITED | 17,541,556 | 3.55 |
| MR WARREN GILMOUR & MRS CATHERINE GILMOUR <W & C GILMOUR SUPER FUND A/C> | 14,892,857 | 3.01 |
| MR GREGORY ROLLAND CUNNOLD & MS LARA CHERYL GROVES <STRATFORD A/C> | 11,336,000 | 2.29 |
| MR GRAHAM FRANK MCDONAGH & MRS GINA MARIA MCDONAGH <MCDONAGH SUPER FUND A/C> | 11,097,600 | 2.24 |
| DR LEON EUGENE PRETORIUS | 9,192,000 | 1.86 |
| MISS DANIELLE MARIE TROY | 9,121,200 | 1.84 |
| DIEKMANN ASSOCIATES LIMITED | 8,000,000 | 1.62 |
| VYNBEN PTY LTD <MARK HOHNEN SUPER FUND A/C> | 8,000,000 | 1.62 |
| MR GEOFFREY MARK GILMOUR | 7,693,192 | 1.56 |
| PINELEAF PTY LIMITED <SMITHERS SUPER FUND A/C> | 6,380,055 | 1.29 |
| MR LAURIE TONY SORGIOVANNI | 6,203,546 | 1.25 |
| MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C> | 5,000,000 | 1.01 |
| WILLOWOOD CORPORATE PTY LTD | 4,937,297 | 1.00 |
| CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C> | 4,600,000 | 0.93 |
| MR GRAEME JOHN CLATWORTHY <CLATWORTHY FAMILY NO 1 A/C> | 4,250,000 | 0.86 |
| RED OAKS PTY LTD | 4,123,672 | 0.83 |
| PINELEAF PTY LIMITED <SMITHERS SUPER FUND A/C> | 4,062,000 | 0.82 |
| NEFCO NOMINEES PTY LTD | 4,000,000 | 0.81 |
| | **220,430,975** | **44.55** |

## 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 9 September 2015 are listed below:

| Name | Option Series | Number of Options | Percentage of the Option Series |
|---|---|---|---|
| EAST AFRICA INTERNATIONAL LIMITED | Exercisable at 6 cents on or before 27 July 2018 | 19,105,527 | 42.12 |
| VYNBEN PTY LTD | Exercisable at 6 cents on or before 27 July 2018 | 13,778,619 | 30.38 |

## 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 9 September 2015:

| Name | Number of Shares | Percentage |
|---|---|---|
| MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 60,000,000 | 12.13% |

## 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 | 100% |
| | Miyabi | Miyabi South West | HQ-P21345 | 100% |
| | Miyabi | Miyabi North | PL4536 | 100% |
| | Miyabi | Miyabi Mwabomba North | PL4592 | 100% |
| | Miyabi | Miyabi Northwest | PL5115 | 100% |
| | Miyabi | Miyabi South | PL6369 | 100% |
| | Miyabi | Miyabi South | PL6382 | 100% |
| | Miyabi | Miyabi Airport | PL6593 | 100% |
| | Miyabi | Miyabi Mwabomba West | PL6752 | 100% |
| | Miyabi | Miyabi Dyke | PL8933 | 100% |
| | Miyabi | Miyabi Mwabomba Central | PL8934 | 100% |
| **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% |